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TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1941

No. 649

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY, PETITIONER,

vs.

S. S. KRESGE COMPANY

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT

PETITION FOR CERTIORARI FILED SEPTEMBER 24, 1941.

CERTIORARI GRANTED NOVEMBER 10, 1941.

SUPREME COURT OF THE UNITED STATES

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[fol. 1]

IN THE DISTRICT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF MICHIGAN, SOUTHERN DIVISION

In Equity No. 6673

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY, *Plaintiff*,

v.

S. S. KRESGE COMPANY, *Defendant*

BILL OF COMPLAINT—Filed November 28, 1934

To the Judges of the District Court of the United States for the Eastern District of Michigan:

The plaintiff, Mishawaka Rubber and Woolen Manufacturing Company, complaining of the herein named defendant, alleges:

I

That plaintiff, herein is a corporation duly organized and existing under the laws of the State of Indiana, having its principal place of business at Mishawaka, County of St. Joseph in said State, and is a citizen, resident and inhabitant of said State; that the name of said corporation was Mishawaka Woolen Manufacturing Company from the time of its incorporation until September 10, 1923, at which time its name was duly changed from Mishawaka Woolen Manufacturing Company to its present name, Mishawaka Rubber and Woolen Manufacturing Company.

II

That the defendant, S. S. Kresge Company is a corporation duly organized and existing under the laws of the State of Michigan, having its principal place of business at Detroit, County of Wayne and State of Michigan, and is a [fol. 2] citizen, resident and inhabitant of said State.

III

That this is a suit in equity arising under the trade mark laws of the United States and for infringement of a

trade mark registered in the United States Patent Office, and for unfair competition, and the parties hereto are citizens of different States and the matter in controversy herein, exclusive of interest and costs, exceeds the sum or value of Three Thousand Dollars.

IV

That plaintiff is the owner of a trade mark comprising a round or circular figure of a red color, which it adopted and began to use more than 43 years ago on and in connection with footwear and other products and has used continuously since then on substantially all of its goods in trade within the State of Indiana and in interstate trade with all of the States of the United States and in trade with many foreign countries, said trade mark having been applied in various ways on said goods, and said goods having increased greatly in quantity and variety during that time and consisted principally of footwear of various kinds including boots and shoes of rubber and of leather, said trade mark and ownership thereof by plaintiff having been upheld by the United States Circuit Court, Northern District of New York on July 2, 1896 in an action by this plaintiff, then Mishawaka Woolen Manufacturing Company against Edward R. Rice, Equity No. 6352, and by the United States District Court, Southern District of Ohio, Eastern Division on November 16, 1915 in an action by this plaintiff, then Mishawaka Woolen Manufacturing Company against George Schlaegel and Conrad Schlaegel, Co-partners, doing business as Schlaegel Bros., Equity No. 22.

V.

That plaintiff, on or about April 9, 1898, having used its aforesaid trade mark on and in connection with woolen boots, lumbermen's socks, rubber boots and shoes, combination boots formed of rubber and wool, robes, blankets, and clothing, and being the true and lawful owner of said trade mark and entitled to registration thereof, made due and proper application, in its then proper name, Mishawaka [fol. 3] Woolen Manufacturing Company, to the United States Patent Office for registration of said trade mark, and after due and proper proceedings and payment of the required fee, certificate of registration No. 36,471 was duly

granted on May 28, 1901 to plaintiff, then Mishawaka Woolen Manufacturing Company for said trade mark as applied to said goods, and on May 28, 1931 under its then proper name, Mishawaka Rubber and Woolen Manufacturing Company, plaintiff, duly and properly renewed said registration which is now in full force and effect and owned by plaintiff, which said certificate of registration, or a duly certified copy thereof, will be produced as this Court may order and direct.

VI

That plaintiff, for more than 35 years has been making rubber heels for use on its boots and shoes and applying its said trade mark directly on said rubber heels, its said trade mark in many cases also appearing elsewhere on the boots and shoes or on the packages containing same, and by reason thereof said rubber heels, as well as the boots and shoes on which they were used, have been and are identified as and known to be the product of this plaintiff, and plaintiff has the exclusive right to use such mark on rubber heels.

VII

That plaintiff, throughout the time that it has been using its said trade mark on rubber heels as aforesaid, has applied said mark thereon approximately at the center of the bottom or tread face thereof, said rubber heels having been originally and for a number of years thereafter provided at said location with a circular depression in which a red circular disk was inserted and secured and said rubber heels after that time and for the past 25 years or more having been provided with a circular, or substantially circular plug of red rubber embedded in the rubber of the heel at said location so that the mark would remain and serve to identify and indicate the origin of the goods throughout and notwithstanding the wearing down of the heel in actual use, which said arrangement of a distinct, conspicuous spot or small patch of a bright or contrasting color on the tread face of said rubber heels and of a permanent nature, was unique and original at the time it was first employed by [fol. 4] plaintiff and has been and is widely known and regarded as and is a peculiar, distinctive and characteristic feature or ensemble by which plaintiff's rubber heels and the boots and shoes on which such heels are used may be and

are recognized and identified as the goods of this plaintiff and plaintiff has the exclusive right to use such ensemble.

VIII

That plaintiff, from the start of its business and throughout all the time that it has been using its said trade mark and the said unique ensemble of a distinct, conspicuous spot or patch of a bright or contrasting color on the tread face of its rubber heels, has devoted much care, time and expense in manufacturing and improving its goods so as to insure the highest standard of quality and has thereby earned for its products an enviable and unexcelled reputation throughout the United States and elsewhere, and it has also spent large sums of money,—more than $3,000,000 since 1909 and a large sum before then,—in advertising its goods throughout the United States and in familiarizing the purchasing public with its goods and the merits thereof and with its trade mark and also the aforesaid ensemble, and it has also conducted its business in a manner to create and establish a great and widespread good will, by reason of all of which plaintiff has developed a very large and increasing business of great value and profit which increased from 1891 to about $20,000,000 in 1920 and has averaged about $20,000,000 annually since then with more than 50,000 dealers throughout the United States handling its goods, and plaintiff and its goods have become and are widely and favorably known throughout the United States and its said trade mark and the aforesaid ensemble under and by which its goods have thus become and are known and by which its goods have been and are identified and distinguished from similar goods of other origin or manufacture have likewise become and are widely and favorably known throughout the United States and are of great value to plaintiff.

IX

That defendant, S. S. Kresge Company, well knowing the premises and the rights of plaintiff herein, and without the permission of plaintiff and in defiance and infringement of plaintiff's rights in the premises, and for the purpose of appropriating to itself the benefits and advantages of plain-
[fol. 5] tiff's prolonged and extensive advertising and the long and widespread popularity of plaintiff's goods and

the reputation thereof for high quality and excellence and with the intention of deceiving and misleading the public and purchasers into believing that rubber heels that it sold are genuine products of high quality produced by plaintiff, has been and is now displaying, offering for sale and selling in the State of Michigan and throughout the United States, large numbers of spurious rubber heels which are marked with a red mark simulating and infringing plaintiff's aforesaid trade mark, and has been and is now at the same places aforesaid displaying, offering for sale and selling other spurious rubber heels having thereon marks in pale shades of or tinged with red or otherwise colored which simulate and infringe plaintiff's aforesaid trade mark, and has been and is now at the same places aforesaid displaying, offering for sale and selling spurious rubber heels which simulate and imitate plaintiff's aforesaid unique and peculiar ensemble and which are designed and intended to be and are mistaken for, regarded and purchased as and for plaintiff's rubber heels and which, like the rubber heels of plaintiff, have a distinct, conspicuous spot or patch of a bright or contrasting color on or in the trade face thereof, which said spot or patch on defendant's spurious rubber heels is of substantially the same size as and located in approximately the same place and applied in substantially the same manner on or in the tread face of said spurious rubber heels as is plaintiff's trade mark on its rubber heels, and defendant has been and is now at the same places aforesaid displaying, offering for sale and selling its various said spurious rubber heels at and from the same counters and at and from the same sections or compartments of said counters and has been and is now mixing together and associating said various spurious rubber heels at said counters, sections and compartments, and said various spurious rubber heels of defendant are made and marked in such a manner and are mixed together, associated and arranged in the display, offering for sale and selling thereof so that all of defendant's aforesaid spurious rubber heels appear to be and are regarded and purchased as goods or varieties of goods of the same origin, each and all of which aforesaid acts of defendant have a tendency to and do greatly impair the distinctiveness and value of plaintiff's trade mark or ensemble or both and have a tendency to and [fol. 6] do destroy largely the beneficial effect of plaintiff's

extensive and expensive advertising and have caused great and irreparable damage to plaintiff.

X

Plaintiff further says that the aforesaid spurious heels are distributed and sold by the defendant in what are commonly known as chain stores in which, as plaintiff understands and believes, goods of inferior or defective quality are generally sold, and that moreover the heels thus sold by defendant are sold by it principally, if not entirely, for the repair of shoes, usually of a cheap and inferior kind, that have become old and worn, and that not only are the spurious heels thus sold by defendant regarded by most of those familiar with plaintiff's trade mark as the product of the plaintiff, but also the old, worn, cheap, shoddy and inferior shoes to which such heels are attached, all to the further great and irreparable damage to the plaintiff.

XI

Plaintiff further says, on information and belief, that defendant has conspired with, encouraged, persuaded and caused Essex Rubber Company of Trenton, New Jersey, and Sure Foot Heel and Rubber Company of Gettysburg, Pennsylvania, and perhaps others, to disregard plaintiff's aforesaid rights and to make up and sell rubber heels in violation thereof and that these and the other unlawful acts of defendant complained of herein, have a tendency to and do encourage and cause others to disregard and violate plaintiff's said rights, all to the further great and irreparable damage to the plaintiff.

XII

Plaintiff further says that said defendant threatens to and will continue the aforesaid unlawful acts unless restrained therefrom by this Court, and that such continuation of said unlawful acts will and does have the effect of materially destroying and impairing the effects of the extensive advertising done and being done by the plaintiff, and the value to plaintiff of its aforesaid trade mark and other indicia by which its products are distinguished and identified.

[fol. 7] XIII

Plaintiff further says that said defendant has had due and proper notice of the issuance of said trade mark registration certificate to plaintiff and the renewal thereof, and of plaintiff's rights in the premises and of the defendant's infringements of said trade mark and aforesaid acts of unfair competition, but, nevertheless, has continued and is now continuing such infringing acts and unfair competition in defiance of such notice and of plaintiff's rights in the premises.

XIV

On information and belief, the plaintiff further says that defendant has made large gains and profits by reason of said unlawful acts, but the precise amount of said profits is unknown to plaintiff and plaintiff prays that said defendant will be compelled to disclose same.

XV

Plaintiff further shows that it has no adequate remedy at law.

Wherefore, the plaintiff prays that the said defendant, the said S. S. Kresge Company, may be decreed to account for and pay to plaintiff the profits or income thus unlawfully derived from the violation of plaintiff's rights, and in addition thereto, the damages sustained by plaintiff by reason of the defendant's said unlawful acts; that under the circumstances presented the said damages thus found be trebled by the order of this Court; that the defendant may be decreed to pay the costs of this suit; that a permanent, and also a preliminary writ of injunction may be issued out of and under the seal of this Honorable Court, directed to said defendant, S. S. Kresge Company, strictly enjoining it, its officers, associates, attorneys, solicitors, agents, clerks, servants and workmen, and each of them, from directly or indirectly using the said red mark in connection with the manufacture or sale of heels for boots or shoes, or any imitation or simulation thereof, or any mark, designation, arrangement, ensemble or dress that is likely to deceive or confuse purchasers or users, or in any way mislead the purchasing public into the purchase of defendant's products in the belief that they are purchasing those

of the plaintiff, and further that said defendant may be required to deliver up to be destroyed all boot and shoe heels bearing the said red mark or designation, or any color-
[fol. 8] able imitation or simulation thereof or any ensemble similar to that of plaintiff; and that plaintiff may have such other and further relief as the nature of the case may require.

Plaintiff further prays this Honorable Court to issue its writ of subpoena in due form of law and according to the course and practice of the Court, directed to said S. S. Kresge Company, the defendant as aforesaid, commanding it at a day certain and under a certain penalty to be therein specified, to appear before this Honorable Court to answer all and singular the matters and things hereinbefore set forth and complained of, but not under oath, answer under oath being hereby expressly waived, and to stand by and abide and perform all the orders and decrees of the Court herein.

Mishawaka Rubber and Woolen Manufacturing Company, by (S.) E. J. W. Fink, Its President.

(S.) Thos. S. Donnelly, Solicitor for Plaintiff, 3437-3441 Book Tower, Detroit, Michigan. (S.) Eugene M. Giles, Counsel.

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* * * * * * *

[fol. 9] IN UNITED STATES DISTRICT COURT

ANSWER—Filed January 12, 1935

Defendant, saving and reserving unto itself all right of exception to the plaintiff's bill of complaint on account of the many errors therein contained, for answer thereto, or to so much and to such parts thereof as they are advised it is necessary to make answer, answering, says:

I

Answering paragraph I, it has no knowledge or information, other than from the bill of complaint, as to the allega-
[fol. 10] tions therein contained and cannot admit or deny the allegations thereof, but leaves the plaintiff to its proofs.

II

Answering paragraph II, it admits the allegations therein contained.

III

Answering paragraph III, it admits that this is a suit in equity, arising under the trade-mark laws of the United States and for infringement of a trade-mark registered in the United States Patent Office, and for unfair competition. As to the remaining allegations, it has no knowledge or information, other than from said bill of complaint.

IV

Answering paragraph IV, it has no knowledge or information of the allegations therein contained, other than from the plaintiff's bill of complaint, and therefore can neither admit nor deny the allegations thereof, but leaves the plaintiff to its proofs.

V

Answering paragraph V, it has no knowledge or information of the allegations therein contained, other than from the plaintiff's bill of complaint, and therefore can neither admit nor deny the allegations thereof, but leaves the plaintiff to its proofs.

VI

Answering paragraph VI, it has no knowledge or information of the allegations therein contained, other than from the plaintiff's bill of complaint, and therefore can neither admit nor deny the allegations thereof, but leaves the plaintiff to its proofs.

VII

Answering paragraph VII, it has no knowledge or information of the allegations therein contained, other than from the plaintiff's bill of complaint, and therefore can neither admit nor deny the allegations thereof, but leaves the plaintiff to its proofs.

[fol. 11]

VIII

Answering paragraph VIII, it has no knowledge or information of the allegations therein contained, other than from the plaintiff's bill of complaint, and therefore can neither

admit nor deny the allegations thereof, but leaves the plaintiff to its proofs.

IX

Answering paragraph IX, it denies that it now is or ever has displayed or offered for sale spurious rubber heels, simulating or intending to simulate plaintiff's product. It admits that it has in the past displayed and offered for sale the rubber heels of the O'Sullivan Rubber Company, Inc., of New York City, and of the Essex Rubber Company, of Trenton, New Jersey, the quality of whose products are equal to, and in many cases, superior to those of the plaintiff; that in some of the heels there has been displayed a red Indian head and in others a red Crusader's head, neither of which simulated or was intended to simulate the red ball of plaintiff with the words "ball band" adjacent thereto. It denies any intention to appropriate to itself any benefits of plaintiff's advertising, and it denies that any benefits accrued. It denies any intention to deceive and mislead the public, but on the contrary, asserts that its success and reputation with the public is predicated upon selling superior goods at a fair price. Answering the remaining allegations, not hereinbefore specifically covered, it denies the same.

X

Answering paragraph X, it admits that it sells rubber heels of high quality. It denies that it sells spurious heels. As to the remaining allegations thereof, it denies the same and says further that they are impertinent, libelous and intended to be libelous and here and now moves the Court to have the same stricken from the bill of complaint and expunged from the record, and gives notice of the hearing on argument of the same on the date of trial hereof.

XI

Answering paragraph XI, it denies the allegations therein contained.

XII

Answering paragraph XII, it denies that it has acted unlawfully and denies that any of its acts have destroyed [fols. 12-17] or impaired the benefit of any advertising plaintiff may have done, or that it has been injured in any manner whatsoever.

XIII

Answering paragraph XIII, it admits correspondence has passed between plaintiff and itself. It denies that it is infringing or ever has infringed upon plaintiff's rights and denies that it has unfairly competed with plaintiff or plaintiff's rights in the premises. As to the remaining allegations thereof, it denies the same.

XIV

Answering paragraph XIV, it denies that it has acted unlawfully; it denies having made large gains and profits, and alleges the fact to be that at this very moment it is determining what profit, if any, it has made on the sale of rubber heels.

XV

Answering the bill of complaint generally, it denies each and every allegation therein contained not hereinbefore specifically answered and that there is any other matter in said bill of complaint material or necessary for this defendant to make answer thereto, and not herein and hereby well and sufficiently answered to the knowledge or belief of this defendant; all of which matters and things this defendant is ready and willing to aver, maintain and prove, as this Honorable Court shall direct, and it humbly prays to be hence dismissed, with reasonable costs and charges in its behalf most wrongfully sustained.

(S.) Lawson & Giles, Attorneys for Defendant, 2433 Barlum Tower, Detroit, Michigan, Ra. 1771.

Dated: Detroit, Michigan, January 7, 1935.

* * * * * * *

[fol. 18] In United States District Court

Interrogatories to Defendant Under Equity Rule 58—Filed February 1, 1935

Now comes Mishawaka Rubber and Woolen Manufacturing Company, plaintiff, by its solicitor, and pursuant to

Equity Rule 58 submits the following interrogatories to S. S. Kresge Company, defendant:

1. State whether or not Defendant has since May 28, 1901 and prior to the commencement of this suit offered for sale and sold rubber heels which are duplicates of the rubber heels, or any of them, filed herewith and marked as follows:

Defendant's heel No. 1.
Defendant's heel No. 2.
Defendant's heel No. 3.
Defendant's heel No. 4.
Defendant's heel No. 5.
Defendant's heel No. 6.
Defendant's heel No. 7.
Defendant's heel No. 8.
Defendant's heel No. 9.

2. If the answer to Interrogatory No. 1 is in the affirmative, give the name and location, including street address, city and state, of any and all stores or places of business where Defendant has offered for sale and sold said rubber heels and state which of such heels have been offered for sale and sold at each store or place of business.

3. State whether or not Defendant has stores or places of business at the following locations or any of them, and supply the street address, if any, of any such store or place for which the street address is not given in the following list:

Chicago, Illinois
10-14 S. State Street
24-28 S. State Street
225-227 S. State Street
Bloomington, Indiana
Indianapolis, Indiana
17-23 W. Washington Street
New Albany, Indiana
302-304 Pearl Street
[fol. 19] Richmond, Indiana
South Bend, Indiana
201 S. Michigan Street
Dubuque, Iowa
798 Main Street

Detroit, Michigan
1201 Woodward Avenue
1459 Woodward Avenue
Kalamazoo, Michigan
133-37 So. Burdik Street
Minneapolis, Minnesota
7th & Nicollet
St. Paul, Minnesota
59 E. 7th Street
St. Louis, Missouri
7th & Washington Sts.
Lincoln, Nebraska
1125 O Street
Orange, New Jersey
245 Main Street
Buffalo, New York
472 Main Street
Schenectady, New York
433-36-39 State Street
Cleveland, Ohio
402 Euclid Avenue
Columbus, Ohio
85 No. High
85 So. High
Springfield, Ohio
25-27 Main Street
Chester, Pennsylvania
526 Market Street
Pittsburgh, Pennsylvania
324—5th Avenue
Wilkes-Barre, Pennsylvania
3-5 S. Main Street
Lynchburg, Virginia
1008 Main Street
Clarksburg, West Virginia
324 W. Main Street
Milwaukee, Wisconsin
1423 N. 12th Street.

4. If the answer to Interrogatory No. 1 is in the affirmative, state where and by whom each of said rubber heels were manufactured or produced.

[fol. 20] 5. State whether or not Defendant has, since May 28, 1901 and prior to the commencement of this suit, shipped

or caused to be shipped, in interstate commerce, and sold in various States of the United States, rubber heels which are duplicates of the rubber heels Nos. 1 to 9 inclusive, or any of them, listed in Interrogatory No. 1.

6. State which, if any, of the rubber heels Nos. 1 to 9 inclusive of Interrogatory No. 1 are duplicates of those of the O'Sullivan Rubber Company, Inc. of New York City referred to in Paragraph IX of Defendant's answer filed herein.

7. State which, if any, of the rubber heels Nos. 1 to 9 inclusive of Interrogatory No. 1 are duplicates of those of the Essex Rubber Company of Trenton, New Jersey referred to in Paragraph IX of Defendant's Answer herein.

8. If the rubber heels of O'Sullivan Rubber Company, Inc. of New York City and the rubber heels of Essex Rubber Company of Trenton, New Jersey referred to in Paragraph IX of Defendant's Answer herein are not like any of the rubber heels Nos. 1 to 9 inclusive listed in Interrogatory No. 1, furnish samples thereof.

9. State whether or not Defendant has, since May 28, 1901 and prior to the commencement of this suit, shipped or caused to be shipped in interstate commerce and sold in the various States of the United States the rubber heels of O'Sullivan Rubber Company, Inc. of New York City referred to in Paragraph IX of Defendant's Answer herein.

10. State whether or not Defendant has, since May 28, 1901 and prior to the commencement of this suit, shipped or caused to be shipped in interstate commerce and sold in the various States of the United States the rubber heels of Essex Rubber Company of Trenton, New Jersey referred to in Paragraph IX of Defendant's Answer herein.

11. If the answer to Interrogatory No. 1 is in the affirmative, state whether or not Defendant associated or mixed together said heels in displaying and offering them for sale.

12. If the answer to Interrogatory No. 11 is in the affirmative, state which of said rubber heels were associated or mixed together.

[fol. 21] 13. If the answer to Interrogatory No. 1 is in the affirmative, state when Defendant began to display, offer for sale and sell rubber heels bearing each type of colored

mark exemplified by the rubber heels listed in Interrogatory No. 1.

14. State whether or not Defendant in any way induced the Essex Rubber Company of Trenton, New Jersey or the Sure Foot Heel and Rubber Company of Gettysburg, Pennsylvania or the O'Sullivan Rubber Company, Inc. of New York City, or any others, to begin to use on rubber heels the colored marks of the rubber heels listed in Interrogatory No. 1, or any of them.

Note: The foregoing Interrogatories are to be answered by the officer or officers of the Defendant company who have knowledge of the facts inquired about.

Mishawaka Rubber and Woolen Manufacturing Company, by (S.) Thos. S. Donnelly, Its Solicitor.

(S.) Eugene M. Giles, Counsel for Plaintiff.

IN UNITED STATES DISTRICT COURT

ANSWERS OF DEFENDANT, S. S. KRESGE COMPANY, TO PLAINTIFF'S INTERROGATORIES—Filed February 28, 1935

Now comes the defendant, S. S. Kresge Company, and makes answer unto certain of plaintiff's interrogatories heretofore filed, as follows:

Answer to Interrogatory No. 1—

Yes.

[fol. 22] Answer to Interrogatory No. 2—

This information is being obtained from the manufacturers and will be furnished at a later date. Unless furnished by the manufacturers, we will be unable to supply the information, our invoices having been destroyed.

Answer to Interrogatory No. 3—

We have stores at the street addresses stated in the following cities listed in the plaintiff's interrogatories: Chicago, Indianapolis, New Albany, South Bend, Detroit, Kalamazoo, Minneapolis, St. Paul, Lincoln, Orange, Buffalo,

Cleveland, Columbus, Springfield, O., Chester, Pittsburgh, Wilkes-Barre, Lynchburg, Clarksburg, Milwaukee.

We do not have stores at the addresses stated in the following cities listed in plaintiff's interrogatory No. 3: Dubuque, St. Louis, Schenectady. For your information, we have stores near the addresses listed by the plaintiff who has evidently made a clerical error.

The requested addresses of our Bloomington, Indiana stores are:

Store No. 380 101 N. College Street
Store No. 1074 109 N. College Street, and
of our Richmond, Indiana Store, 801 E. Main Street.

Answer to Interrogatory No. 4—

Defendant's heels, No. 1 to No. 6 inclusive, were manufactured by Essex Rubber Company, H. S. Maddock, Receiver thereof, of Trenton, New Jersey. Defendant's heels No. 7 and No. 8 inclusive were manufactured by O'Sullivan Rubber Company, Inc., 366 Madison Avenue, New York City, or by their subsidiary, Sure-Foot Heel and Rubber Company, Gettysburg, Pa. Defendants heels No. 9 were manufactured by Boston Woven Hose & Rubber Company, Boston, Massachusetts.

Answer to Interrogatory No. 5—

Yes.

Answer to Interrogatory No. 6—

Defendant's heels No. 7 and No. 8.

Answer to Interrogatory No. 7—

Defendant's heels No. 1 to No. 6 inclusive.

Answer to Interrogatory No. 8—

See answers to interrogatories No. 6 and No. 7.

[fols. 23-28] Answer to Interrogatory No. 9—

Yes.

Answer to Interrogatory No. 10—

Yes.

Answer to Interrogatary No. 11—

To the best of our knowledge, no. It would not be our normal way of selling this merchandise.

Answer to Interrogatory No. 12—

To the best of our knowledge, the rubber heels of various kinds and manufacture were never associated or mixed together. It would not be our normal way of selling this merchandise.

Answer to Interrogatory No. 13—

No exact record of the exact date of first display and sale has been kept. We first began displaying and offering for sale the heels of the Essex Rubber Company in the fore-part of the year 1933; of the Boston Woven Hose & Rubber Company, in the fore-part of the year 1934 and of the O'Sullivan Rubber Company, Inc., in the summer of 1934.

Answer to Interrogatory No. 14—

No, as to the O'Sullivan Rubber Company, Inc. and its subsidiary, Sure-Foot Heel & Rubber Company. As to the Essex Rubber Company, no also.

We did suggest to the Essex Rubber Company that they add color to the heels that were sold in syndicate stores, but we did not induce them to begin the use of colored marks on their heels, which had been used by them for many years prior to selling this class of merchandise in syndicate stores.

S. S. Kresge Company, by (S.) E. A. Murphy, Assistant Secretary.

* * * * * * *

[fol. 29] IN UNITED STATES DISTRICT COURT

Plaintiff's Affidavits—Filed June 17, 1935

* * * * * * *

[fol. 30] AFFIDAVIT OF JULIUS C. BOHLING

* * * * * * *

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1924.

Having received a request from the plaintiff to do so I went into the store of the defendant at 1125 O Street in Lincoln, in the County of Lancaster and State of Nebraska, on February 26, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of counters of the defendant three pairs of rubber heels, two of the "Crusader" type and the other of the "Evergrip" type.

. . . . . .

I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 76—Defendant's small circular red Crusader heel bought by Bohling in Nebraska".

. . . . . .

I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 77—Defendant's medium circular orange Crusader heel bought by Bohling in Nebraska".

. . . . . .

[fol. 31] I submit herewith one of these heels with the tan colored circular mark as "Plaintiff's Exhibit No. 78—Defendant's circular tan Evergrip heel bought by Bohling in Nebraska".

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks, in the red, in the orange and in the tan colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

On March 16, 1935 at the request of the plaintiff, I again visited the store of the defendant which I had visited on February 26, 1934 at 1125 O Street, Lincoln, Nebraska, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant four pairs of rubber heels, two pairs being of the "Crusader" type, one pair of the "Evergrip" type and one pair of the "Sure Foot" type.

. . . . . .

I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 102—Defendant's small circular orange Crusader heel bought by Bohling in Nebraska March 16, 1935".

. . . . . .

I submit herewith one of these heels with the yellow square mark as "Plaintiff's Exhibit No. 103—Defendant's [fol. 32] medium square yellow Crusader heel bought by Bohling in Nebraska March 16, 1935".

. . . . . .

I submit herewith one of these heels with the tan colored circular mark as "Plaintiff's Exhibit No. 104—Defendant's circular tan Evergrip heel bought by Bohling in Nebraska March 16, 1935".

. . . . . .

I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 105—Defendant's medium circular red Sure Foot heel bought by Bohling in Nebraska March 16, 1935".

The rubber heels in said store were displayed March 16, 1935 in a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks in the orange color, the tan color and the red color, and rubber heels bearing the aforesaid square mark in the yellow color, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

. . . . . .

[fol. 33] AFFIDAVIT OF AUSTIN BRYAN

. . . . . .

I am employed by the plaintiff in the above entitled case and have been in its employ since January 25, 1914.

In August, 1934 I was requested by Mildred M. Cordier, another of the employees of the plaintiff to wear a pair of leather shoes with two rubber heels attached thereto

for the purpose of making a wear test of said rubber heels, and particularly to ascertain the wear results on two different red circular marks which were located in the central portion of the tread faces of the heels.

One of said rubber heels, that was attached on one of the shoes of the pair furnished to me at that time, was a new rubber heel manufactured by the plaintiff and had plaintiff's red circular trade mark thereon with the words "Trade Mark" embossed on the red circular trade mark, the word "Trade" being above the word "Mark". Said rubber heel and its mark were identical with the rubber heel and its mark submitted in this case as "Plaintiff's Exhibit No. 16—Plaintiff's rubber heel". The other of said rubber heels that was attached to the other shoe of the pair furnished to me at that time, was a new rubber heel which was marked "Crusader" and had a red circular mark with the figure of a knight's head embossed thereon. The last named rubber heel and its mark were identical with the rubber heel and its mark submitted in this case as "Plaintiff's Exhibit No. 28—Defendant's large circular red Crusader heel". Miss Cordier told me that the last named rubber heel was one of a pair of rubber heels which she had purchased in a store of the defendant in Elkhart, Indiana a few days before I began the wear test. I understand that Miss Cordier has made an affidavit in this case and that she has submitted the other rubber heel of the pair of Crusader heels she bought in defendant's [fol. 34] store as "Plaintiff's Exhibit No. 138—Defendant's large circular red Crusader heel bought by Mildred M. Cordier in Elkhart, Indiana".

Prior to beginning the wear test an identifying description was placed on the inside of the Crusader heel. In addition to this four holes were punched in the leather tongue of the shoe on which the Crusader heel was placed and one punch hole in the leather tongue of the other shoe for means of identification.

On August 30, 1934 I started wearing the said pair of shoes which were provided with one of the plaintiff's rubber heels and with one of the Crusader type of rubber heels as aforesaid, and I continued wearing these shoes almost daily until April 26, 1935. At various times during this period, Miss Cordier and I examined the heels

of said shoes and the marks on the heels and finally when the heels had become somewhat worn down the wear test was discontinued on April 26, 1935, at which time I delivered said shoes with the rubber heels attached thereto to the plaintiff. At the completion of said wear test on April 26, 1935, the superficial markings on the tread face of plaintiff's rubber heel were mostly worn away while the round red trade mark remained, and on the Crusader rubber heel the word "Crusader" was completely worn away and the knight's head embossing was somewhat worn on the red mark which still remained, and the red marks on both of said heels appeared conspicuously on the respective heels, although both heels and marks showed considerable wear. Although the two heels were worn by me simultaneously and for the same identical length of time, the Crusader heel showed more effects of wear than the plaintiff's heel.

I submit herewith the pair of shoes with the heels hereinbefore referred to made by the plaintiff and of the Crusader type as "Plaintiff's Exhibit No. 133—Pair of shoes bearing plaintiff's and Crusader type circular red marks worn by Bryan".

* * * * * * *

[fol. 35] AFFIDAVIT OF CHARLES W. BURTON

* * * * * * *

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1913.

Having received a request from the plaintiff to do so I went into the store of the defendant at 3-5 S. Main Street in Wilkes-Barre, in the County of Luzerne and State of Pennsylvania, on March 3, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant three pairs of rubber heels of the "Crusader" type.

* * * * * * *

I submit herewith one of these heels with the red circular mark as "Plaintiff's Exhibit No. 51—Defendant's large circular red Crusader heel bought by Burton in Pennsylvania".

I also submit herewith one of the second pair of rubber heels purchased by me March 3, 1934 with an all red circular mark as "Plaintiff's Exhibit No. 52—Defendant's small circular red Crusader heel bought by Burton in Pennsylvania.".

. . . . . .

[fols. 36-37] I submit herewith one of these heels with the very small circular plain tan spot as "Plaintiff's Exhibit No. 53—Defendant's very small circular plain tan spot Crusader heel bought by Burton in Pennsylvania".

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular mark in the red color and in the plain tan color spot were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

. . . . . .

[fol. 38] AFFIDAVIT OF MILDRED M. CORDIER

. . . . . .

I am secretary to the Vice-President of the plaintiff company and have been employed as secretary and assistant in the office since the year 1922.

On August 10, 1934 I went into the store of the defendant in South Bend in said County and State and there examined carefully the display of rubber heels at one of the counters of the defendant. I found two types of rubber heels employing circular marks, one kind of the "Crusader" type having circular orange colored marks and the other the "Sure Foot" type having circular red marks. The marks of both types were in the central portion of the tread face of each heel. The marks in the "Crusader" rubber heels, which were circular orange marks, were like the mark in "Plaintiff's Exhibit No. 30—Defendant's medium circular orange Crusader heel" and the red circular marks in the rubber heels of the "Sure Foot" type were like "Plaintiff's Exhibit No. 35—Defendant's large circular red Sure Foot heel."

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rub-

ber heels, and in this heel display rubber heels bearing the aforesaid circular marks, in both the orange and the red colors, were indiscriminately displayed together.

On August 15, 1934 at the request of the plaintiff I again went into the store of the defendant in South Bend and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters [fol. 39] of the defendant a pair of rubber heels of the "Sure Foot" type, exactly like those which I had previously seen in the said store on August 10, 1934.

The rubber heels of this pair had an all red circular mark in the central portion of the tread face. The red circular mark was identical with the mark of the heel submitted in this case as "Plaintiff's Exhibit No. 35—Defendant's large circular red Sure Foot heel."

I submit herewith one of the Sure Foot type heels with the red colored circular mark which I purchased on August 15, 1934 as aforesaid, as "Plaintiff's Exhibit No. 88—Defendant's large circular red Sure Foot heel bought by Mildred M. Cordier in South Bend, Indiana."

The other rubber heel of the pair of rubber heels which I purchased August 15, 1934 at the defendant's store in South Bend, Indiana was attached on one of a pair of leather shoes of plaintiff's manufacture to give the rubber heel with the red circular "Sure Foot" mark in it a wear test. The other shoe of said pair had thereon a rubber heel of plaintiff's manufacture and identical with the red circular mark in "Plaintiff's Exhibit No. 16—Plaintiff's rubber heel," and with plaintiff's red circular trade mark on the tread face thereof. I supervised the placing of the "Sure Foot" heel on the one of said pair of shoes and the preparations for the wear test, and inquired concerning the progress of the test from time to time. Mr. Kenneth L. Keene, an employee of the plaintiff, was selected to wear the pair of shoes and to make the wear test. Prior to making the test an identifying description was placed on the inside of the "Sure Foot" heel, and in addition, two punch holes have been placed in the leather tongue of the shoe bearing the rubber heel of the "Sure Foot" type for purposes of identification. Mr. Keene started wearing the said pair of shoes on August 21, 1934 and he was instructed to wear them until the indian head design of the "Sure Foot" type trade mark had been substantially worn down

to show the condition of the two circular red marks after a period of wear of the shoes bearing them.

The pair of shoes referred to bearing the two circular red marks were worn by Mr. Keene until December 13, 1934 when he turned them over to me for use in the above entitled cause. The pair of shoes referred to is submitted with the affidavit of Kenneth L. Keene as "Plaintiff's Exhibit No. 126—Pair of shoes bearing plaintiff's and Sure Foot type circular red marks worn by Keene."

[fol. 40] On August 15, 1934, also at the request of the plaintiff, I went into the store of the defendant in Elkhart, Indiana, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant a single pair of rubber heels of the "Crusader" type.

The rubber heels of this pair had an all red circular mark in the central portion of the tread face. The red circular mark was identical with the mark of the heel submitted in this case as "Plaintiff's Exhibit No. 28—Defendant's large circular red Crusader heel."

I submit herewith one of the "Crusader" type heels with the red colored circular mark which I purchased on August 15, 1934 as aforesaid, as "Plaintiff's Exhibit No. 138—Defendant's large circular red Crusader heel bought by Mildred M. Cordier in Elkhart, Indiana."

The other rubber heel of the pair of rubber heels of said "Crusader" type which I purchased August 15, 1934 at the defendant's store in Elkhart, Indiana, was attached on one of a pair of leather shoes of plaintiff's manufacture to give the rubber heel with the red circular "Crusader" mark in it a wear test. The other shoe of said pair had thereon a rubber heel of plaintiff's manufacture and identical with the red circular mark in "Plaintiff's Exhibit No. 16—Plaintiff's rubber heel," and with plaintiff's red circular trade mark on the tread face thereof. I supervised the placing of the said "Crusader" heel on the one of said pair of shoes and the preparations for the wear test, and inquiring concerning the progress of the test from time to time. Austin Bryan, an employee of the plaintiff, was selected to wear the pair of shoes and to make the wear test. Prior to making the test an identifying description was placed on the inside of the "Crusader" heel, and in addition, four punch holes have been placed in the leather tongue of the shoe bearing the rubber heel of the

"Crusader" type and one punch hole in the leather tongue of the other shoe, for purposes of identification. Mr. Bryan started wearing the said pair of shoes on August 30, 1934 and he was instructed to wear them until the knight's head design of the "Crusader" type mark had been substantially worn down to show the condition of the two circular red marks after a period of wear of the shoes bearing them. [fol. 41] The pair of shoes referred to bearing the two circular red marks were worn by Mr. Bryan until April 26, 1935 after which he turned them over to me for use in the above entitled cause. The pair of shoes referred to is submitted with the affidavit of Austin Bryan as "Plaintiff's Exhibit No. 133—Pair of shoes bearing plaintiff's and Crusader type circular red marks worn by Byran."

On September 11, 1934 I again visited the defendant's store in South Bend and purchased a pair of rubber heels of the "Crusader" type. The heels which I purchased were "paired up" and secured together, but I noticed on separating them that one was a red centered heel and the other was an orange centered heel. The red centered heel was on top with the orange centered heel below it. This shows that in "pairing" this pair of heels the red and the orange circular marked heels were mixed. The red circular mark of one of the heels is like the mark in "Plaintiff's Exhibit No. 29—Defendant's medium circular red Crusader heel," except it is smaller and the circular orange mark in the other heel is like " Plaintiff's Exhibit No. 31—Defendant's small circular orange Crusader heel."

These two heels have been secured together but each has been separately marked. One is marked as "Plaintiff's Exhibit No. 89—Defendant's small circular red Crusader heel bought by Mildred M. Cordier at South Bend, Indiana—attached to orange marked heel" and "Plaintiff's Exhibit No. 90—Defendant's small circular orange Crusader heel bought by Mildred M. Cordier at South Bend, Indiana—attached to red marked heel."

On November 5, 1934 I again visited the store of the defendant in South Bend, Indiana and there purchased from a sales-person of the defendant engaged in the sale of rubber heels a pair of rubber heels of the "Crusader" type, but having a square yellow mark in the central portion of the tread face. The square mark was identical with the mark of the heel of "Plaintiff's Exhibit No. 33—Defendant's large square yellow Crusader heel."

I submit herewith one of these heels with the square yellow mark which I purchased on November 5, 1934 as aforesaid, as "Plaintiff's Exhibit No. 91—Defendant's large square yellow Crusader heel bought by Mildred M. Cordier in South Bend, Indiana."

[fol. 42] At this time, to wit November 5, 1934 in said store there were displayed on the counter rubber heels bearing the aforesaid square yellow mark of the "Crusader" type and also rubber heels bearing the circular orange marks of the "Crusader" type and in addition thereto, rubber heels with the circular red marks of the "Sure Foot" type, and these rubber heels bearing said marks of the three different colors were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

I again visited the South Bend store at the request of the plaintiff March 5, 1935 and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant four pairs of rubber heels, two pairs being of the "Crusader" type, one of the "Sure Foot" type and one of the "Evergrip" type.

The rubber heels of one pair of the "Crusader" type had an all orange circular mark in the central portion of the tread face. The orange circular mark was identical with the mark of the heel submitted in this case as "Plaintiff's Exhibit No. 31—Defendant's small circular orange Crusader heel."

I submit herewith one of these heels with the orange colored circular mark which I purchased on March 5, 1935 as aforesaid, as "Plaintiff's Exhibit No. 114—Defendant's small circular orange Crusader heel bought by Mildred M. Cordier in South Bend, Indiana March 5, 1935."

The rubber heels of the second pair of "Crusader" type heels purchased by me March 5, 1935, had an all yellow square mark in the central portion of the tread face. The yellow square mark was identical with the mark of the heel submitted in this case as "Plaintiff's Exhibit No. 33—Defendant's large square yellow Crusader heel" except it is smaller.

I submit herewith one of these heels with the yellow colored square mark which I purchased on March 5, 1935 as aforesaid, as "Plaintiff's Exhibit No. 115—Defendant's small square yellow Crusader heel bought by Mildred M. Cordier in South Bend, Indiana March 5, 1935."

[fol. 43] The rubber heels of the "Sure Foot" type purchased by me March 5, 1935, had an all red circular mark in the central portion of the tread face. The red circular mark was identical with the mark of the heel submitted in this case as "Plaintiff's Exhibit No. 35—Defendant's large circular red Sure Foot heel."

I submit herewith one of these heels with the red colored circular "Sure Foot" mark which I purchased on March 5, 1935 as aforesaid, as Plaintiff's Exhibit No. 116—Defendant's large circular red Sure Foot heel bought by Mildred M. Cordier in South Bend, Indiana March 5, 1935."

The rubber heels of the "Evergrip" type purchased by me March 5, 1935, had an all tan circular mark in the central portion of the tread face. The tan circular mark was identical with the mark of the heel submitted in this case as "Plaintiff's Exhibit No. 36—Defendant's circular tan Evergrip heel."

I submit herewith one of these heels with the tan colored circular mark which I purchased on March 5, 1935 as aforesaid, as "Plaintiff's Exhibit No. 117—Defendant's circular tan Evergrip heel bought by Mildred M. Cordier in South Bend, Indiana March 5, 1935."

The rubber heels in said store on March 5, 1935 were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular and square marks, in the orange, in the yellow, in the red and in the tan colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

The next day, i. e., March 6, 1935, I went to the store of the defendant in Elkhart in the County of Elkhart, Indiana, and I purchased there from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant five pairs of rubber heels, three pairs being of the "Crusader" type and two of the "Sure Foot" type.

The rubber heels of one pair of the "Crusader" type had an all red circular mark in the central portion of the tread face. The red circular mark was identical with the mark of the heel submitted in this case as "Plaintiff's Exhibit No. 28—Defendant's large circular red Crusader heel."

[fol. 44] I submit herewith one of these heels with the red colored circular mark which I purchased on March 6, 1935,

as aforesaid, as "Plaintiff's Exhibit No. 118—Defendant's large circular red Crusader heel bought by Mildred M. Cordier in Elkhart, Indiana March 6, 1935."

The rubber heels of the second pair of "Crusader" type heels purchased by me March 6, 1935 had an all orange circular mark in the central portion of the tread face. The orange circular mark was identical with the mark of the heel submitted in this case as "Plaintiff's Exhibit No. 30—Defendant's medium circular orange Crusader heel" except that it is larger.

I submit herewith one of these heels with the orange colored circular mark which I purchased on March 6, 1935 as aforesaid, as "Plaintiff's Exhibit No. 119—Defendant's large circular orange Crusader heel bought by Mildred M. Cordier in Elkhart, Indiana March 6, 1935."

The rubber heels of the third pair of "Crusader" type heels purchased by me March 6, 1935 had an all yellow square mark in the central portion of the tread face. The yellow square mark was identical with the mark of the heel submitted in this case as "Plaintiff's Exhibit No. 33—Defendant's large square yellow Crusader heel."

I submit herewith one of these heels with the yellow colored square mark which I purchased on March 6, 1935 as aforesaid, as "Plaintiff's Exhibit No. 120—Defendant's large square yellow Crusader heel bought by Mildred M. Cordier in Elkhart, Indiana March 6, 1935."

The fourth pair of rubber heels which I purchased March 6, 1935, were of the "Sure Foot" type and had an all red circular mark in the central portion of the tread face. The red circular mark was identical with the mark of the heel submitted in this case as "Plaintiff's Exhibit No. 35—Defendant's large circular red Sure Foot heel."

I submit herewith one of these heels with the red colored circular mark which I purchased on March 6, 1935 as aforesaid, as "Plaintiff's Exhibit No. 121—Defendant's large circular red Sure-Foot heel bought by Mildred M. Cordier in Elkhart, Indiana March 6, 1935."

[fol. 45] The fifth pair of rubber heels which I purchased March 6, 1935, were also of the "Sure Foot" type and had a mark without color in the central portion of the tread face. This mark was identical with the mark of the heel submitted in this case as "Plaintiff's Exhibit No. 38—Defendant's plain Sure Foot heel."

I submit herewith one of these heels with the "Sure Foot" mark without color which I purchased on March 6, 1935 as aforesaid, as "Plaintiff's Exhibit No. 122—Defendant's plain Sure Foot heel bought by Mildred M. Cordier in Elkhart, Indiana March 6, 1935."

The rubber heels in said store on March 6, 1935 were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular and square marks in the red, orange and yellow colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid on that date were a part of and selected from said display.

* * * * * * *

[fol. 46] AFFIDAVIT OF FRANCIS J. CORR

* * * * * * *

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1934.

Having received a request from the plaintiff to do so I went into the store of the defendant at 98 Main Street in White Plains in the County of Westchester and State of New York, on March 19, 1935, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant two pairs of rubber heels of the "Sure Foot" type.

* * * * * * *

I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 123—Defendant's medium circular red Sure Foot heel bought by Corr in White Plains, N. Y., March 19, 1935."

* * * * * * *

I submit herewith one of these heels with the green colored circular mark as "Plaintiff's Exhibit No. 124—De-
[fol. 47] fendant's large circular green Sure Foot heel bought by Corr in White Plains, N. Y., March 19, 1935."

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bear-

ing the aforesaid circular marks in both the red and the green colors were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

* * * * * * *

[fol. 48] AFFIDAVIT OF JOHN L. DUNCAN

* * * * * * *

I am in the employ of the plaintiff in the Office Sales Department and have been in the employ of the plaintiff since the year 1922.

Having received a request from the plaintiff to do so I went into the store of the defendant in South Bend in said County and State, on August 1, 1934 and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant a pair of rubber heels of the "Sure Foot" type.

* * * * * * *

I submit herewith one of these rubber heels with the red colored circular mark as "Plaintiff's Exhibit No. 54—Defendant's large circular red Sure Foot heel bought by Duncan at South Bend, Indiana."

While in the said store at South Bend I saw a number of rubber heels having an all orange circular mark in the central portion of the tread face. The orange circular mark [fol. 49] was identical with the mark of the heel submitted in this case as "Plaintiff's Exhibit No. 30—Defendant's medium circular orange Crusader heel."

On August 2, 1934 I returned to the said store at South Bend to ascertain how long they had been handling this "Sure Foot" rubber heel with the red circular mark in the heel. I was told by the clerk who waited on me and who seemed to be very well informed that up until the last shipment of "Sure Foot" heels which had been received they did not have any red circular mark. I saw some of these "Sure Foot" heels in the Kresge store on August 2, 1934 and they were made of black rubber and there were others of brown rubber, each having an indian head of the same material without any color. The rubber heels which I saw which did not employ any color but had a mark of the same

color as the balance of the heel were identical with the mark on "Plaintiff's Exhibit No. 38—Defendant's plain Sure Foot heel."

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks in both the red and the orange colors, and also without color, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

* * * * * * *

[fol. 50] AFFIDAVIT OF EARLE J. W. FINK

* * * * * * *

I am the president and general manager of the Mishawaka Rubber and Woolen Manufacturing Company, the above named plaintiff, which has its office and principal place of business at Mishawaka in said County and State.

I have been in the employ of and actively connected with the business of the plaintiff company for approximately thirty-eight years, having on November 23, 1897 entered the employ of the plaintiff company, which was then named Mishawaka Woolen Manufacturing Company, and having been made its Manager of Sales in 1908, its Assistant General Manager in 1915, its General Manager in 1921 and its President and General Manager in 1930, and by reason of my employment and connection with the plaintiff company throughout the approximately thirty-eight years, as aforesaid, and the nature of my work for the plaintiff company during all that time, I have had intimate contact with the business of the plaintiff company and have had access to and have examined its books and records, and I am familiar with the early history of plaintiff company and its business, both before and after my employment commenced, as aforesaid, including the character of goods which it manufactured, sold and distributed, the trade marks that it used thereon and the various other matters and things recited hereinafter.

Plaintiff company was established and commenced manufacturing various woolen products in 1868 and it has manufactured, sold and distributed woolen footwear of various kinds continuously since 1886. Since prior to 1900 and con-

[fol. 51] tinuously since then, plaintiff has sold and distributed rubber footwear with rubber heels attached thereto, which said rubber footwear was manufactured for plaintiff prior to 1898 and manufactured by it in its own plant since early in 1898. Since prior to 1901, plaintiff has manufactured, sold and distributed combination leather and rubber footwear with rubber heels attached thereto and since 1916 it has manufactured, sold and distributed leather shoes with rubber heels attached thereto, and it has since early in 1898 manufactured in its own plant, rubber heels for use on its rubber boots and shoes, combination rubber and leather boots and shoes and leather shoes.

On or about October 15, 1891, plaintiff adopted and began to use a red circular figure or ball colored red as a trade mark on and in connection with its goods, which said mark is the trade mark involved in this suit, and has been used continuously by plaintiff since October 15, 1891, on or in connection with its various goods above mentioned and other goods in interstate and foreign trade, and said mark has been used on and applied directly to the tread face of plaintiff's rubber heels continuously since early in 1898.

Since plaintiff, on October 15, 1891 adopted and began to use the red circular figure trade mark on and in connection with its goods its business has increased and expanded, and it has manufactured, sold and distributed and used its red circular figure trade mark on a large variety of goods, mostly in the footwear line. Catalogs and pamphlets of its footwear were prepared and put out from time to time by plaintiff and distributed to its trade throughout the United States, and in these catalogs and pamphlets, which illustrated articles that plaintiff had theretofore been selling and was offering for sale and selling at the time of the issuance of the catalog or pamphlet, plaintiff conspicuously and constantly emphasized the red circular figure as its trade mark.

A copy of such catalog issued and distributed by plaintiff in 1900 and 1901, which is the earliest catalog that plaintiff has found available, is submitted herewith as and marked "Plaintiff's Exhibit No. 10—Plaintiff's 1900-1901 catalog," and a copy of plaintiff's 1901-1902 catalog is also submitted herewith as and marked "Plaintiff's Exhibit No. 11—Plain-[fol. 52] tiff's 1901-1902 catalog," and a copy of plaintiff's 1930 catalog is submitted herewith as and marked "Plaintiff's Exhibit No. 12—Plaintiff's 1930 catalog," and a copy

of plaintiff's 1934-1935 catalog is submitted herewith as and marked "Plaintiff's Exhibit No. 13—Plaintiff's 1934-1935 catalog," and all of these catalogs illustrate goods and articles that plaintiff had been making and selling and distributing and on and in connection with which plaintiff had been using the red circular figure trade mark before the date given for each respective catalog. A copy of a price list of plaintiff's goods put out by plaintiff in 1917 and listing goods that plaintiff was manufacturing, selling and distributing in 1917, and prior thereto, is also submitted herewith as and marked "Plaintiff's Exhibit No. 14—Plaintiff's 1917 price list" and a small pamphlet entitled "More Days Wear" put out by plaintiff in 1922 and illustrating some of the goods that plaintiff was manufacturing, selling and distributing in 1922 and prior thereto, is also submitted herewith as and marked "Plaintiff's Exhibit No. 15—Plaintiff's 1922 pamphlet." Plaintiff at the time of issuance of said 1917 price list and said 1922 pamphlet was using its red circular figure trade mark on and in connection with the goods listed and illustrated respectively therein.

On its rubber footwear of the kinds illustrated in the 1900-1901 catalog, Plaintiff's Exhibit No. 10, on pages 15, 16, 18, 19, 20, 21, 22, 30, 31, 32, 33, 35, 36, 37, 39, 42, 43, 44, 45, 46 and on page 6 (excepting that designated as "Women's Perfection") and on page 29 (excepting the two designated respectively as "Logan" and "Grant"), plaintiff since the early part of 1898 had used and at the time it issued said catalog was using rubber heels on which the red circular trade-mark appeared on the bottom of the tread face of the heel as shown by the dark circular mark on the heel of the bottom view of the boot appearing on page 39 of said catalog (Plaintiff's Exhibit No. 10) and as shown in color in the heel illustrations composing the border on the back cover page of said catalog (Plaintiff's Exhibit No. 10), and plaintiff has continued since then to so use the red circular trade mark on the heels of such rubber footwear and to sell such footwear with the heels thus marked in interstate trade. Said rubber heels, were cemented onto the shoe and were also provided with nail holes at the corners and at the middle of the back, as illustrated in the heels on the back [fol. 53] cover page of said catalog (Plaintiff's Exhibit No. 10) and nails were employed in these nail holes, as indicated on the bottom view appearing on page 39 of said cata-

log (Plaintiff's Exhibit No. 10) for attaching the heels more securely to the shoes. Said rubber heels, like those illustrated on the back cover page of Plaintiff's Exhibit No. 10, and on page 39 of said Exhibit, bore, in addition to the red circular trade mark and in a relatively inconspicuous manner the words "First Quality, Ball Band," over the red circular mark and the words "Trade Mark, Rubbers, Mishawaka, Ind." under the red circular mark. On the goods and articles that had rubber heels bearing the red circular trade mark on the tread face as aforesaid, it was and has been the practice of plaintiff to also apply the red circular figure elsewhere on the article, as for example, at the top of its rubber boots as shown on the side view of the boot and on the front view of the upper part of the boot appearing on page 39 of said 1900-1901 catalog, Plaintiff's Exhibit No. 10.

Since prior to 1900 plaintiff has been putting out leather topped footwear such as the "Logan" illustrated on pages 34 and 47 of the aforesaid 1900-1901 catalog, Plaintiff's Exhibit No. 10, with the red circular trade mark thereon and since prior to 1901, plaintiff has been putting out leather topped footwear such as the "Lawton" illustrated on pages 32 and 47 of plaintiff's 1901-1902 catalog, Plaintiff's Exhibit No. 11, with rubber heels thereon bearing the red circular trade mark on the tread face thereof. Since the early part of 1916, plaintiff has been putting out all leather shoes, usually with rubber compounded sole and these so-called all leather shoes had rubber heels bearing the red circular figure on the tread face of the heel, such leather shoes bearing said rubber heels with the red circular mark on the tread face thereof being listed at the bottom of page 9 of Plaintiff's 1917 price list Plaintiff's Exhibit No. 14, as "Mishko Sole Letho Shoe" and illustrated under that name on page 4 of plaintiff's 1922 pamphlet, Plaintiff's Exhibit No. 15, and shown on pages 16 to 20 inclusive of plaintiff's 1930 catalog, Plaintiff's Exhibit No. 12, and on pages 27 to 30 inclusive of plaintiff's 1934-1935 catalog, Plaintiff's Exhibit No. 13. A sample of the rubber heel used on said leather shoes is submitted herewith as and marked "Plaintiff's Exhibit No. 16—Plaintiff's rubber heel," and a sample of said shoe with the heel attached is submitted herewith as and marked "Plaintiff's Exhibit No. [fol. 54] 17—Plaintiff's leather shoe." Since 1916, plaintiff has continued to put out and to sell in interstate trade

such leather shoes with heels bearing the trade mark as shown in Plaintiff's Exhibits Nos. 16 and 17. Plaintiff makes and has for many years made said rubber heels in various sizes and in rubber of other colors besides black, a sample of a brown rubber heel for ladies' shoes being submitted herewith as and marked "Plaintiff's Exhibit No. 18—Plaintiff's ladies' heel," and on all such rubber heels of other colors and sizes, plaintiff has used its red circular figure trade mark on the center of the tread face of the heel.

On its low heeled footwear, such as illustrated in the aforesaid 1900-1901 catalog, Plaintiff's Exhibit No. 10, on pages 17, 34, 38, 40, 41 and 47, it has been the practice of plaintiff since prior to 1900 to apply its red circular figure trade mark on the shank of the sole substantially as it is shown by the circular marking on the two shoe bottoms illustrated on page 40 of said catalog, Plaintiff's Exhibit No. 10.

Having used the red circular trade mark on its goods since October 15, 1891, plaintiff, in the early part of 1898, adopted the expedient of and began applying its red circular trade mark on the tread face of its rubber heels at approximately the center thereof, *as shown on the back* cover page of Plaintiff's 1900-1901 catalog, Plaintiff's Exhibit No. 10, and on the boot bottom illustrated on page 39 of said catalog, (Exhibit No. 10) and as shown on the back cover page of Plaintiff's 1901-1902 catalog, Plaintiff's Exhibit No. 11, and on the boot bottom illustrated on page 34 of said catalog (Exhibit No. 11), and has since then continued to apply said mark in this manner and at his place thereon, and plaintiff has also, on the same footwear to which said trade marked rubber heels were attached, used its red circular trade mark elsewhere thereon, as for example at the top of the upper, as shown on the illustration of the boot top on page 39 of its 1900-1901 catalog, Plaintiff's Exhibit No. 10, and on page 35 of its 1901-1902 catalog, Plaintiff's Exhibit No. 11, and as shown in other catalogs and advertising submitted as exhibits herewith.

Aside from its trade mark significance, the peculiar arrangement of a mark or spot of conspicuous contrasting color on the tread or wearing face of rubber heels was believed to be and is believed to have been a unique, unusual [fol. 55] and striking feature and is believed to have been and to be a feature that has been and is regarded by the

purchasing public as a characteristic peculiar to, typical of and signifying plaintiff's goods, and is of great value to plaintiff in its business, and it is believed that the purchasing public, knowing of this unique and peculiar marking of plaintiff's rubber heels, will regard and do regard rubber heels like those of the defendant, with spots of bright or contrasting colors on the tread faces thereof, as of the same origin as plaintiff's rubber heels and especially so when such heels with their various spots of bright or contrasting colors are sold in the same stores and at the same places on the counters and are mixed and associated with rubber heels bearing red circular marks similar to the trade mark of plaintiff. To impress the purchasing public with the significance of the red circular mark as a distinguishing mark for its rubber heels and to emphasize plaintiff's peculiar ensemble or arrangement of a mark or spot of conspicuous contrasting color on the tread face of the heel, plaintiff in its early advertising featured this heel mark and ensemble as shown on the back cover page of its 1900-1901 catalog, Plaintiff's Exhibit No. 10 and on the back cover page of its 1901-1902 catalog, Plaintiff's Exhibit No. 11 and plaintiff has continued since then to feature in its catalogs and advertising said arrangement of its trade mark on its rubber heels as shown in the catalogs and advertising matter submitted herewith.

At the time plaintiff began to use its red circular figure trade mark on the tread face of its rubber heels in the early part of 1898 as aforesaid, a circular recess was provided in the tread face of the heel and a thin red circular disk was placed and secured in the bottom of said recess, and this practice was continued by plaintiff until about 1917, at which time, in order to make the red circular figure a more permanent marking which would endure and remain conspicuous as and during the time that the rubber heel was worn down in actual use, plaintiff began to apply the red circular trade mark and since then has continued to apply said mark to its rubber heels by embedding a plug of red rubber in the tread face of the heel. A sample of plaintiff's rubber heel cut apart to show the rubber plug thus embedded in the rubber heel is submitted herewith as and marked "Plaintiff's Exhibit No. 19—Plaintiff's mutilated rubber heel."

[fol. 56] Plaintiff does not sell its red trademarked rubber heels separately and although it has been requested to do so

and although affiant believes that it could have sold large quantities thereof and have derived large gains and profits therefrom on account of the favorable reputation that has been established for its goods and the popularity thereof and the widespread and long familiarity of the purchasing public with its red circular trade mark, plaintiff has continually and consistently refrained from and refused to sell its red trademarked rubber heels separately from its own boots and shoes as it is believed that the use of such separately sold heels with plaintiff's trade mark and peculiar conspicuous contrasting colored spot ensemble by others on any sort of shoes on which they might wish to use them would confuse others into believing that the entire boot or shoe bearing such heel was a product of this plaintiff and that plaintiff's reputation would be greatly jeopardized and its business greatly impaired. The only exception to the above practice that affiant is aware of is in the case of a customer in New Zealand who found it necessary to discontinue importing our complete leather shoes on account of a prohibitive tariff on leather shoes and to whom we have since the prohibitive tariff furnished a small quantity of trademarked rubber heels.

Rubber heels are not only believed to be regarded by the purchasing public as a product usually made by manufacturers of rubber footwear but they have been held to be goods of the same descriptive properties as plaintiff's products in a recent decision, (which has not yet been reported) by the First Assistant Commissioner of Patents in an opposition by this plaintiff against Panco Rubber Company to prevent registration by said Panco Rubber Company of a red oval mark with the word "Panco" embossed thereon for Whole Soles, Heels, and Taps, copy of which said decision is submitted herewith as "Plaintiff's Exhibit No. 145—Mishawaka v. Panco decision." Moreover defendant's heels which are believed to be intended and used mainly for the repair of old shoes that have been worn to such an extent that the original heels required replacement, when put to their intended use on the shoes are believed to have exactly the same effect in signifying origin of the heel and shoe as plaintiff's trade mark on the heels of its shoes. [fol. 57] Plaintiff on April 9, 1898 having used its said red circular figure trade mark on and in connection with its various goods in interstate and foreign trade, made application to register said trade mark for said goods

in the United States Patent Office, and a certificate of registration No. 36,471 registered May 28, 1901 was issued to the plaintiff. A certified copy of this registration, together with its later renewal for a period of twenty years from May 28, 1931 is submitted herewith as and marked "Plaintiff's Exhibit No. 20—Plaintiff's Registration No. 36,471 and Renewal."

The trade mark of the plaintiff involved in this suit, has not been disposed of or abandoned since its adoption by plaintiff in October, 1891, and the said registration No. 36,471 has been continuously owned and is still owned by the plaintiff as shown by the accompanying certified copy of abstract of title relating to the same secured from the United States Patent Office and submitted herewith as and marked "Plaintiff's Exhibit No. 21—Abstract of title of plaintiff's Registration No. 36,471."

I also submit herewith a certified copy of articles of association of the plaintiff company and amendment changing the name of Mishawaka Woolen Manufacturing Company to Mishawaka Rubber and Woolen Manufacturing Company, as filed February 4, 1874 and September 18, 1923, respectively, as "Plaintiff's Exhibit No. 22—Certified copy of plaintiff's articles of association and amendment changing its name." I also submit herewith a certified copy of proceedings relating to the extension of the plaintiff company from January 22, 1924 to January 12, 1974, as "Plaintiff's Exhibit No. 23—Certified copy of extension of existence of plaintiff."

During the nearly forty-five years since plaintiff adopted and began to use its aforesaid red circular figure trade mark, the footwear and rubber heels that it put out under said trade mark have been of the highest quality and its whole business and reputation for high quality of its products has been built around said mark, and said mark has been applied on and used in connection with plaintiff's various goods and products throughout that time and is still being likewise used on and in connection with plaintiff's various goods and products, and plaintiff's said trade mark became, has been and is popular, very widely and favorably known and of great value to plaintiff in its business.

[fol. 58] With its red circular figure trade mark, plaintiff frequently associates the words "Ball-Band," which are

a separate trade mark and separately registered as such in the United States Patent Office under Registration No. 36,151 granted to plaintiff on April 2, 1901. A copy of plaintiff's said Registration No. 36,151 is submitted herewith as and marked "Plaintiff's Exhibit No. 24—Plaintiff's Ball-Band registration." Said mark and words have been and are associated by plaintiff in various different ways, sometimes with the red circular figure appearing between the words "Ball" and "Band," sometimes with the red circular figure at the side of or above or below the words "Ball-Band," sometimes with the words "Ball-Band" quite remote from the red circular figure and sometimes the red circular figure trade mark is used alone as shown on the illustration of the shoe bottom at the middle of page 23 of plaintiff's 1930 catalog, Plaintiff's Exhibit No. 12, and on the shoe bottom illustrated on page 40 of plaintiff's 1934-1935 catalog, Plaintiff's Exhibit No. 13, and as shown on the bottom of the sport shoe which is submitted herewith as and marked "Plaintiff's Exhibit No. 25—Plaintiff's sport shoe," which varied and independent use is indicated and contemplated in plaintiff's "Ball-Band" registration, Plaintiff's Exhibit No. 24, wherein it is stated (page 1, lines 25 to 33)

"Said company frequently associates said trade-mark word 'Ball-Band' with the representation of a circular figure or ball colored red, which further representation is used as an additional distinguishing mark or brand for its goods and constitutes a separate trade-mark, which may be used alone or in connection with said trade-mark word, as may be desired or preferred."

and also in plaintiff's red circular figure registration, Plaintiff's Exhibit No. 20, wherein it is stated (page 1, lines 92 to page 2, line 9)

"Said company frequently associates said trade-mark with the word-symbol or compound word 'Ball-Band,' which word is used as an additional distinguishing mark or brand for its goods and constitutes a separate trade-mark, which may be used alone or in connection with said trade-mark consisting of the representation of a circular figure or ball, as may be desired or preferred. It does not, however, in any way or to any extent wish to limit or abridge [fol. 59] any rights for which it may now be entitled to

protection arising from any of the added features which have been by it associated with said trade-mark, consisting of a representation of a circular figure or ball colored red, and which have become known to its trade in connection therewith.

It has been and is a common practice of plaintiff, especially when the words "Ball-Band" appear in proximity to the red circular figure trade mark to give the red circular figure special significance as a separate and distinct trade mark by applying the words "Trade-Mark" directly on the red circular figure.

On its rubber heels, plaintiff applies the "Ball-Band" trade-mark, its address and other markings superficially and somewhat inconspicuously in small raised letters which soon wear off and disappear when the heel is worn, whereas plaintiff applies its red circular figure trade mark to said heels, as aforesaid, by embedding in the heel a circular plug of red rubber, (which bears the words "Trade Mark") so that its heels will retain the red circular figure mark long after the "Ball-Band," plaintiff's address and other markings has disappeared, this being the characteristic manner in which plaintiff has been for a great many years and is now marking its rubber heels.

Since plaintiff adopted and began to use the red circular figure trade mark in October, 1891, it has up to and including the year 1934, used said red circular figure trade-mark on goods and merchandise to the amount of about $370,000,000, which said goods and merchandise have been sold and distributed by plaintiff throughout the United States and in many foreign countries. Since 1898, when plaintiff first began to use the red circular mark on rubber heels, the total value of all footwear that the plaintiff has sold and distributed having rubber heels thereon bearing plaintiff's circular red mark is approximately $185,700,000. Since October 15, 1891 to the present time, plaintiff has made and has sold and distributed in connection with its footwear approximately 150,000,000 rubber heels, all of which bore its red circular trade mark on the tread faces thereof.

Plaintiff has over 61,000 customers and dealers who buy and distribute goods of the plaintiff bearing the red circular trade mark, and the places of business of these [fol. 60] dealers and customers are distributed through-

out every State of the United States, the District of Columbia and many foreign countries.

There are approximately 800 customers and dealers in the Eastern District of Michigan, many of whom are in the Southern Division thereof and some of whom are in the city of Detroit, and these customers and dealers are and for many years past have been selling in the said District and the Southern division thereof and in the city of Detroit, the goods of plaintiff including rubber heels bearing the circular red ball trade mark involved in this suit. The plaintiff company has throughout substantially its entire existence been selling its products in said District, Division and City and throughout substantially the entire time since October 15, 1891 has been selling its goods bearing the red circular trade mark in said District, Division and City and throughout substantially the entire time since the early part of 1898 has been selling in said District, Division and City footwear with rubber heels bearing the red circular trade mark, and throughout substantially the entire time since 1916 has been selling in said District, Division and City so-called all leather shoes with rubber heels bearing its red circular trade mark. Plaintiff for many years has had a salesman, Mr. J. A. Mogle, living in Detroit, who has sold and sells plaintiff's goods regularly to residents of said City and elsewhere in the vicinity thereof. The goods and merchandise manufactured by the plaintiff are on sale in many places of business in Detroit and elsewhere in the Eastern District of Michigan and show the trade mark involved in this suit, and the trade mark is known not only to thousands of people in the said City and District, but to countless thousands of people in the United States.

Throughout the time since October 15, 1891 when plaintiff adopted and began to use the red circular trade mark on its goods, plaintiff has advertised its goods and products extensively and in various ways throughout the United States and elsewhere and has spent millions of dollars in such advertising in which the red circular trade mark and the application and use of said mark on the tread face of its rubber heels was portrayed prominently and conspicuously and urged as a reliable means for distinguishing and recognizing plaintiff's goods. Since 1909 plaintiff has spent more than three and one-quarter million dollars in such advertising, which amount is exclusive of catalogs, circulars,

[fol. 61] cartons, shipping cases and stationery, which bore the red circular figure trade mark and also exclusive of salaries and wages that were spent by plaintiff in connection with such advertising. I have been unable to ascertain a definite or approximate figure of the amount spent by plaintiff in its advertising prior to 1909 and after plaintiff adopted and began to use the red circular trade mark in October, 1891, but I know that during that time plaintiff spent a large sum of money amounting to many thousands of dollars in such advertising.

The aforesaid advertising carried on by plaintiff has been in many ways and of various forms. Many hundreds of thousands of catalogs have been put out and distributed by plaintiff, which are not included in the above estimate of plaintiff's advertising and these said catalogs included and emphasized the red circular trade mark, and plaintiff's catalog exhibits Nos. 10, 11, 12 and 13 are typical examples of the extent and prominence to which plaintiff displayed and directed attention to its red circular figure trade mark in its catalogs. Since plaintiff began to apply the red trade mark on the tread face of its rubber heels in the early part of 1898, plaintiff in its catalogs and other advertising has conspicuously featured and shown the contrasting colored spot or red trade mark on the tread face of its heels and to give prominence to this peculiar and recently adopted feature of its heel marking and to emphasize the significance of the mark as to origin and designation of its heels, plaintiff on its 1900-1901 and 1901-1902 catalogs, Plaintiff's Exhibits Nos. 10 and 11 respectively, displayed the heels alone as a border for the back cover page of each of said catalogs, and each of said heels had the red circular trade mark appearing thereon in red in substantially the same manner in which plaintiff at that time was using and since the early part of 1898 up to the present time has used and is now using its red circular trade mark on its rubber heels.

Other forms of plaintiffs advertising included advertisements in many magazines, farm papers, trade papers, newspapers, foreign language papers, and the like, including the following publications:

Saturday Evening Post.
Country Gentleman.
Colliers.

Literary Digest.
[fol. 62] Boys' Life.
Boot and Shoe Recorder.
The Farm Journal.
The Country Home.
The Prairie Farmer.
Kansas Farmer and Mail & Breeze.
Wallaces' Farmer and Iowa Homestead.
Southern Agriculturist.
Successful Farming.
The Nebraska Farmer.
Hoards' Dairyman.
Wisconsin Agriculturist and Farmer.
The Dakota—Farmer.
The Ohio Farmer.
The Farmer.
Hospodar.
Ladies Home Journal.
Good Housekeeping.
Woman's Home Companion.
The American Boy.
Field & Stream, and many others.

Samples of plaintiff's advertisements in some of the above mentioned publications are submitted herewith as and marked "Plaintiff's Exhibit No. 26—Plaintiff's publication advertisements." Other forms of plaintiff's advertising included out-door advertisements, bill board advertising, street car advertising, window stickers and displays, cut outs, cloth signs and banners, transparencies, circulars, posters, blotters, movie slides and such other forms of advertising as are used to reach and impress the entire purchasing public generally, and a few samples of plaintiff's said advertising are submitted herewith as and marked "Plaintiff's Exhibit No. 27—Plaintiff's miscellaneous advertising." I am also submitting herewith a copy of a salesmen's portfolio of advertising which was furnished by plaintiff to its salesmen for use in explaining and indicating to plaintiff's customers and prospective customers the amount and extent of plaintiff's advertising, the advertisements that plaintiff was using and suggestions for advertising and display of plaintiff's products by such customers, and said portfolio contains copies of advertisements of plaintiff which appeared in the publications and in

the issues thereof on the dates indicated therein. Said portfolio is submitted herewith as and marked "Plaintiff's Exhibit No. 39—Plaintiff's advertising portfolio."

[fol. 63] Plaintiffs advertising of the various forms above mentioned has been distributed widely throughout every State of the United States and in many foreign countries as well, the papers and magazines in which plaintiff has advertised its goods being for the most part nationally distributed and having a total of over fifteen million subscribers or regular buyers living in every section of the United States, and in all of its said advertising and other advertising, it has been and is the practice of plaintiff not only to display and give prominence and call attention to its red circular trade mark, but also in addition to specially display and otherwise emphasize the use of its red circular trade mark on its rubber heels.

Throughout the time that plaintiff has used the red circular trade mark and the ensemble of the contrasting spot on the tread face of its rubber heels, and until the acts of the defendant that plaintiff complains of, others generally have quite readily recognized and respected plaintiff's rights therein. In only two instances previous to the present action against this defendant, so far as affiant is aware and has been able to ascertain, has plaintiff found it necessary to seek relief from the Courts to compel respect for its trade mark, one of said cases having been brought before the United States Circuit Court for the Northern District of New York and the other having been brought before the United States District Court for the Southern District of Ohio, Eastern Division.

In the first of the above mentioned cases, brought by the plaintiff under its former name against Edward R. Rice, in Equity No. 6352, the Court by Honorable Alfred C. Coxe, on December 10, 1895 ordered and decreed a preliminary injunction against the defendant restraining him from infringement of the circular red trade mark. A certified copy of the preliminary injunction order entered in the case is submitted herewith as "Plaintiff's Exhibit No. 40—Certified copy of Order for Preliminary Injunction in New York Case." Thereafter Judge Coxe on July 2, 1896 entered a final decree in the case, following a settlement by the parties, and finding infringement against the defendant and making the preliminary injunction perpetual. A certified copy of the final decree as entered is submitted

herewith as "Plaintiff's Exhibit No. 41—Certified copy of Final Decree in New York Case."

[fol. 64] In the second above mentioned case in the United States District Court for the Southern Division of Ohio brought by the plaintiff under its former name against George Schlaegel and Conrad J. Schlaegel, co-partners doing business as Schlaegel Bros., the Court by Honorable John E. Sater, after a settlement of the cause, entered a final decree as to the circular red ball trade mark and perpetually enjoined the defendant from further infringement thereof, the final decree being entered and filed in the cause November 16, 1915. A certified copy of the final decree as entered is submitted herewith and is marked "Plaintiff's Exhibit No. 42—Certified copy of Final Decree in Ohio Case."

In May, 1933, plaintiff learned of the display and sale by defendant of rubber heels bearing a red circular mark similar to plaintiff's red circular trade mark and located approximately at the center of the tread face of the heel. A rubber heel purchased in May of 1933 in a store of defendant and bearing the red circular mark above referred to is submitted herewith as and marked "Plaintiff's Exhibit No. 43—Defendant's 1933 heel." Other rubber heels of this defendant employing trade marks in or at the central portions of the tread faces thereof and purchased after 1933 by or for plaintiff from stores of defendant are submitted herewith as and marked:

"Plaintiff's Exhibit No. 28—Defendant's large circular red Crusader heel",

"Plaintiff's Exhibit No. 29—Defendant's medium circular red Crusader heel",

"Plaintiff's Exhibit No. 30—Defendant's medium circular orange Crusader heel",

"Plaintiff's Exhibit No. 31—Defendant's small circular orange Crusader heel",

"Plaintiff's Exhibit No. 32—Defendant's very small circular plain tan spot Crusader heel",

"Plaintiff's Exhibit No. 33—Defendant's large square yellow Crusader heel",

"Plaintiff's Exhibit No. 34—Defendant's medium circular red Sure Foot heel",

"Plaintiff's Exhibit No. 35—Defendant's large circular red Sure Foot heel",

[fol.65] "Plaintiff's Exhibit No. 36—Defendant's circular tan Evergrip heel",
"Plaintiff's Exhibit No. 37—Defendant's medium circular green Sure Foot heel", and
"Plaintiff's Exhibit No. 38—Defendant's plain Sure Foot heel".

Immediately upon learning of the display and sale by defendant in 1933 of rubber heels bearing a red circular mark as aforesaid, this affiant upon advice of plaintiff's trade mark attorney, wrote a letter on behalf of plaintiff to the defendant on May 5, 1933, calling defendant's attention to plaintiff's red circular trade mark and the long use thereof by plaintiff and to defendant's aforesaid use of a similar red circular mark on rubber heels and requested the defendant to discontinue selling rubber heels bearing such mark. Thereupon plaintiff received from the defendant a letter dated May 9, 1933 which stated that

"Mr. Murphy is out of the city at the present time and upon his return will give this matter his immediate attention. In the meantime our manufacturers have been advised as to the contents of your letter."

Plaintiff then on May 11, 1933 wrote a letter to defendant acknowledging defendant's said letter of May 9, 1933 and subsequently received from the defendant another letter dated May 19, 1933 and signed by E. A. Murphy, Assistant Secretary, acknowledging plaintiff's aforesaid letter of May 5, 1933 and in its said letter of May 19, 1933, defendant stated in part that

"This company of course will not sanction the sale of merchandise which infringes other trademarks and apart from this we desire to maintain friendly relations with your company. After studying your letter very carefully we reached the conclusion that your objection is to the use of the color red. While I am sure that you understand that a trade mark gives no exclusive right to colors, we are entirely agreeable to requesting our manufacturers to use some other color unlike red. We will proceed accordingly upon your reply".

On behalf of the plaintiff I then wrote to the defendant under May 25, 1933 and acknowledged receipt of defendant's letter of May 19, 1933 and after stating that plaintiff felt

[fol. 66] quite sure that defendant under stood that the red Crusader mark mentioned in defendant's letter was the mark complained of and that defendant probably realized that it was an infringement of plaintiff's mark, I then said

"We understand from the last sentence of your letter that upon receipt of our reply you will change the red Crusader mark, and we shall expect you to do this promptly and in such a way that there will be no further possibility of conflict with our mark".

With the above seemingly definite and credible assurance that defendant would not sanction the sale of merchandise which infringed other trade marks and that defendant desired to maintain friendly relations with plaintiff and would request their manufacturer to change the mark, plaintiff understood and believed that defendant intended to and would thereafter avoid any simulation of or resemblance to plaintiff's trade mark. Plaintiff's office copies of its above mentioned letters to the defendant and the original above mentioned letters that plaintiff received from defendant are submitted herewith as and marked "Plaintiff's Exhibit No. 127—Plaintiff's 1933 correspondence with defendant".

Moreover by reason of a proceeding instituted in 1933 by plaintiff in the United States Patent Office to prevent registration of the same trade mark for rubber heels as that used by defendant on its rubber heels and the withdrawal of its application by plaintiff's opponent therein, which opponent was believed by plaintiff to be the manufacturer referred to in defendant's letter of May 19, 1933 aforesaid, plaintiff felt that it had further assurance that the objectionable mark would no longer be used.

The proceeding aforesaid arose as a result of publication in the United States Patent Office Gazette of April 4, 1933 of a trade mark for which application had been made by Essex Rubber Company of Trenton, New Jersey. The mark of said application as indicated in said Patent Office Gazette was a red circular figure with Crusader's head thereon and the Essex Rubber Company sought to register said red circular figure as a trade mark for Rubber Heels, claiming use of the mark since January 18, 1933.

[fol. 67] This opposer, having noted said mark as published in said Gazette, filed opposition to the registration thereof and in accordance with the practice of the Patent

Office an opposition was declared, whereupon the applicant, Essex Rubber Company, withdrew and abandoned its application upon its representation to the Patent Office that the situation had "been adjusted between all interested parties" and that "The applicant, Essex Rubber Company, no longer uses the mark in red". This plaintiff had had no dealings whatsoever with the Essex Rubber Company regarding the mark and therefore concluded that the Essex Rubber Company was in fact the manufacturer referred to in defendant's letter of May 19, 1933 aforesaid to plaintiff, —that Essex Rubber Company was aware of the objections that the plaintiff had made to this defendant,—that it was because of said objections and some representations made by this defendant to Essex Rubber Company in keeping with defendant's aforesaid letter of May 19, 1933 to this plaintiff that Essex Rubber Company had advised the Patent Office that the situation "has been adjusted between all interested parties", and that this defendant was having its manufacturer carry out the defendant's intention as expressed in its aforesaid letter of May 19, 1933 to this plaintiff as well as the suggestions contained in plaintiff's reply of May 25, 1933 thereto.

No notice or information was given to plaintiff of steps taken by the Essex Rubber Company after the opposition was declared by the Patent Office, except through copies of the Examiner of Interference's letters of August 2, 1933 and August 29, 1933, the First Assistant Commissioner's decision of September 27, 1933, the Examiner of Interference's letter of October 4, 1933 and the First Assistant Commissioner's decision of October 16, 1933, but the Examiner of Interference's letters of August 2 and August 29, 1933 indicated that Essex Rubber Company was endeavoring to withdraw its application, without giving the required notice thereof to this plaintiff, the opposer, and moreover the Assistant Commissioner's decision of September 27, 1933 which permitted such withdrawal of the application, recited that Essex Rubber Company had stated that the parties have reached an agreement and that the Essex Rubber Company no longer uses the mark in red and in view of this information contained in these Patent Office letters of August 2 and August 29, 1933 and in said Septem- [fol. 68] ber 27, 1933 decision, plaintiff felt satisfied that the intention expressed in defendant's letter of May 19,

1933 to this plaintiff respecting plaintiff's mark was being carried out not only by this defendant, but also by its manufacturer. A certified copy of the Essex Rubber Company application, above referred to, is submitted herewith as and marked "Plaintiff's Exhibit No. 128—Essex application Ser. No. 334,432", and a certified copy of the proceedings in the said opposition is submitted herewith as and marked "Plaintiff's Exhibit No. 129—Essex Opposition".

In the early part of 1934, however, information came to plaintiff that defendant not only was still continuing to display and sell rubber heels bearing the red circular Crusader mark of the previous correspondence, Plaintiff's Exhibit No. 127, and involved in the opposition with Essex Rubber Company, Plaintiff's Exhibit No. 129, but also was displaying and selling with the said red marked Crusader heels, other rubber heels bearing the same configuration and design of mark in an orange or yellow color, and plaintiff thereupon wrote a letter under date of February 15, 1934 to defendant in which plaintiff called to defendant's attention its correspondence with defendant in May, 1933 and asked for a definite statement from the defendant. To its said letter, plaintiff received a reply dated February 16, 1934 from defendant by J. L. Pickering, Jr., Buyer, which acknowledged receipt of plaintiff's letter of February 15, 1934, asked for a sample of the heel in question and stated that "To the best of our knowledge and belief, we have no insert on our counter that could in any possible way infringe on your trade mark".

In view of this disclaimer by defendant of any insert that could in any possible way infringe on plaintiff's trade mark, and having in mind defendant's representation in the 1933 correspondence that it would discontinue the objectionable mark and also the opposition proceedings, involving the same mark, in which the applicant therein, who was believed to be the manufacturer of the defendant's rubber heels had represented that it no longer used the mark and had thereby prevailed upon the Patent Office to permit withdrawal of its application, plaintiff was reluctant to believe that defendant had no knowledge of what was actually being done in its stores or was deliberately and intentionally disregarding its previous assurance and decided to check up on the heel displays in other stores of defendant to make [fol. 69] sure that the further use of the mark by defendant was not an unintentional and isolated instance, and instruc-

tions were accordingly sent by plaintiff to its salesmen in various sections of the United States to investigate the rubber heel displays in defendant's stores. The reports furnished by these salesmen and heels that they purchased and sent to plaintiff pursuant to these instructions disclosed that defendant was continuing, and in a widespread manner, to display and sell rubber heels with the red circular Crusader mark of the 1933 correspondence (Plaintiff's Exhibit No. 127) and of the opposition (Plaintiff's Exhibit No. 129) and was also displaying, offering for sale and selling therewith heels bearing a mark of the same configuration and design in other colors such as pink, orange and yellow and that it was also displaying, offering for sale and selling therewith rubber heels bearing a tan circular mark with an eagle design impressed thereon and that in the display and sale of its heels it was mixing and associating the heels bearing these other marks with the heels bearing the red circular Crusader mark.

The salesmen who made the above investigations of and purchased heels at defendant's stores are:

William S. Troxel
J. B. Snider
Bartley H. Blakeman
Leo L. Harper
Ervin A. Reister
Charles W. Burton
Gaylord T. Parry
Fred M. Jones
Lewis S. Long
Frederick H. Hirchert
Harley J. Richert
Herman B. McComb
James A. Mogle
James R. Williams
Charles V. Gaumer
Julius C. Bohling
J. G. Osborn
C. Milton Richey
William G. Klein, Sr.

and their investigations included stores of the defendant in many cities in the following States:

Indiana
Iowa
Michigan
Minnesota
Missouri
Nebraska
New Jersey
New York
Ohio
Pennsylvania
Virginia
West Virginia
Wisconsin

[fol. 70] Said salesmen have made affidavits for use in this case and heels that they purchased, except four that

have been submitted in connection with interrogatories as Defendant's heels Nos. 1, 3, 4 and 9 as set out in the affidavits of William S. Troxel, Bartley H. Blakeman, Herman B. McComb and J. B. Snider are submitted in connection with their respective affidavits as Plaintiff's Exhibits Nos. 44 to 53 inclusive and 55 to 87 inclusive, and the heels of these exhibits, together with others purchased in 1934, have for convenience been mounted on a panel, and this panel with the heels thereon is marked and submitted as "Plaintiff's Exhibit No. 130—Defendant's 1934 heels". A photograph of said panel with the heel exhibits thereon is submitted herewith as and marked "Plaintiff's Exhibit No. 131—Photograph of Exhibit No. 130 (Defendant's 1934 heels)".

After completing the above investigation and submitting the results of the investigation to its attorney, plaintiff wrote a letter to the defendant on June 14, 1934 and therein called defendant's attention to the correspondence of May, 1933, reviewed the situation as shown by the correspondence, advised defendant of the investigation that had just been made in their stores, called defendant's attention to the fact that this investigation showed that they were continuing to display and sell rubber heels bearing the red circular mark complained of and plaintiff in said letter of June 14, 1934 demanded that the defendant discontinue immediately the display and sale of rubber heels bearing circular marks in red, pink, orange, yellow or any other colors in which they had been and were using such marks, and account for the damage because of the infringement of plaintiff's rights. To this letter the defendant replied under date of June 18, 1934 by J. L. Pickering, Jr., Buyer and said that defendant

"• • • assumed that this matter was straightened out to your satisfaction some time ago when Essex Rubber changed all of their dies around from the old ones. We understood that this result of a conference with your company.

'Inasmuch as we are purchasing rubber heels from others than Essex, of different designs, there is a possibility that Essex is using up old stock before making up the new number. However, we will write the Essex people to get the exact status of the situation."

[fol. 71] To this letter plaintiff made response to the defendant under date of June 22, 1934 stating that plaintiff considered the letter of June 18th an unsatisfactory and incomplete response to plaintiff's letter of June 14th to the defendant regarding its continued infringement of the trade mark and in its said letter of June 22, 1934, plaintiff stated that

"We have had no dealings or understanding whatsoever with the Essex Rubber Company regarding this matter, although we are advised that they represented to the Patent Office that they had some agreement with us, which, however, we know nothing about. Moreover, regardless of any understanding that you may have had concerning changes that Essex may have proposed to make in their dies, you have continued to display and sell heels bearing the mark complained of after repeated notices from us of our objection.

"Under these circumstances we would like to know if your letter of June 18 is all the response you care to make to our letter of June 14."

Thereafter plaintiff received a letter dated June 25, 1934 from the defendant signed by Mr. J. L. Pickering, Jr. and reading as follows:

"We wired Essex Rubber Co. last week, advising them that you were still complaining the manufacture and sale of the heel, which you claim is an infringement on your copyright. They wired back that they expected to have new dies made within two weeks.

"This is exactly contrary to our understanding with the Essex Rubber Co., inasmuch as it was our impression that this had happened over a month ago.

"We are writing all stores today to discontinue ordering rubber heels from the Essex Rubber Co. until further notice. Please advise if this is satisfactory and in line with your conclusions."

Then under date of July 7, 1934, the defendant again wrote the plaintiff a letter signed by Mr. Pickering and with this letter submitted to plaintiff a copy of a letter dated July 5, 1934 which defendant had received from H. S. Maddock, Receiver of Essex Rubber Company, who in his letter sought to have defendant obtain from this

plaintiff permission for Essex Rubber Company to dis-
[fol. 72] pose of its stock of heels bearing marks that plaintiff had complained of, and the defendant in its accompanying letter of July 7, 1934 to plaintiff said with respect to the Maddock proposition

"* * * we are certainly not interested in purchasing any more of these goods without your sanction. We must advise that if you state that it is all right to sell what remaining stock they have, that it will take from two to three months to clean this up."

H. S. Maddock, Receiver, in his aforesaid letter stated they were following defendant's instructions and withholding shipments to defendant's stores until such time as their new molds were finished which should be within two weeks.

Plaintiff then on July 12, 1934 in a letter of that date to the defendant, in response to its letters of June 25 and July 7, again went into the entire situation of the defendant's infringement of the plaintiff's circular red trade mark, calling defendant's attention to its continued and deliberate infringement for more than a year. In this letter, plaintiff also referred to the opposition (Plaintiff's Exhibit No. 129) and pointed out that in that proceeding in 1933, Essex Rubber Company not only had assured the Patent Office that the matter had been adjusted, which was not true, but had also assured the Patent Office that it (Essex Rubber Company) had discontinued the red mark, which also apparently was not true. In this letter, plaintiff also called defendant's attention to the fact that the plaintiff had used its trade mark for many years on goods valued at many millions of dollars, that these goods had been distributed throughout the country, and that the plaintiff had spent millions of dollars in advertising and educating the public to identify plaintiff's goods by the red mark. Plaintiff further called attention to the deliberate and prolonged infringement of the plaintiff's trade mark after notice and refused to consent to disposal by Essex Rubber Company of its stock. To this letter no response was received from the defendant.

After receipt of the aforesaid July 7, 1934 letter from defendant and plaintiff's reply of July 12, 1934 thereto, it was learned upon further investigation that contrary to defendant's repeated representations to plaintiff that it was discontinuing the red mark as aforesaid, and not-

withstanding plaintiff's refusal to give defendant consent [fol. 73] to be passed on to Essex Rubber Company to dispose of its stock, defendant not only was continuing to display and sell heels with said red mark and the other marks that plaintiff had objected to, but defendant was also displaying and offering for sale rubber heels with another red circular mark which had an Indian head design impressed thereon and that said rubber heels with the red circular Indian head mark were being displayed by defendant mixed and associated with heels bearing the red marks and the various other marks that plaintiff had previously complained of. Rubber heels bearing the red circular figure with Indian head design above referred to have been submitted herein as Plaintiff's Exhibit Nos. 34 and 35. John L. Duncan and Mildred M. Cordier, each of whom purchased a pair of heels bearing said red circular mark with Indian head design from stores of defendant on August 1, 1934 and August 15, 1934, respectively, are furnishing affidavits for use in this case, and one of said heels purchased by said John L. Duncan is submitted with his affidavit as Plaintiff's Exhibit No. 54, and one of said heels purchased by Mildred M. Cordier is submitted with her affidavit as Plaintiff's Exhibit No. 88. Said Mildred M. Cordier also on August 15, 1934 purchased from a store of defendant a pair of rubber heels bearing red circular Crusader marks, one of which said heels is submitted with her affidavit herein as Plaintiff's Exhibit No. 138 and which said heel Exhibit No. 138 and also the above mentioned heels Exhibit Nos. 54 and 88 are included in the panel display, Plaintiff's Exhibit No. 130.

One of the pair of rubber heels bearing the red circular Indian head mark which was purchased by Mildred M. Cordier on August 15, 1934, as aforesaid, and which was paired with Plaintiff's Exhibit No. 88 at the time of purchase, was, upon plaintiff's instructions, applied on a shoe which was worn by Kenneth L. Keene simultaneously with a shoe having one of plaintiff's heels thereon bearing plaintiff's red circular trade mark, and said Kenneth L. Keene has made an affidavit for use herein and said shoes and heels in their worn condition are submitted in his affidavit as Plaintiff's Exhibit No. 126.

One of the pair of rubber heels bearing the red circular Crusader mark which was purchased by Mildred M. Cordier on August 15, 1934, as aforesaid, and which was paired

with Plaintiff's Exhibit No. 138 at the time of purchase, was, upon plaintiff's instructions, applied on a shoe which was worn by Austin Bryan simultaneously with a shoe hav-[fol. 74] ing one of plaintiff's heels thereon bearing plaintiff's red circular trade mark, and said Austin Bryan has made an affidavit for use herein and said shoes and heels in their worn condition are submitted in his affidavit as Plaintiff's Exhibit No. 133.

On August 11, 1934 plaintiff's trade mark attorney, Mr. Eugene M. Giles, gave notice to the defendant that plaintiff was proceeding to bring suit for infringement against defendant and in that notice, the defendant's past objectionable conduct and its further indifference and disregard of plaintiff's trade mark rights as evidenced by its display and sale of heels with the new red circular figure and Indian head design was pointed out.

The defendant replied to our attorney's aforesaid notice in a letter dated August 31, 1934, signed by E. A. Murphy, and plaintiff's attorney replied thereto under date of September 11, 1934 and advised the defendant that steps were being taken in preparation for suit and that the heels bearing the red circular figure with the Indian head would be included therein.

Copies of all the 1934 letters of plaintiff and plaintiff's attorney and the originals of defendant's 1934 letters above referred to and including the copy of the H. S. Maddock, Receiver letter of July 5, 1934 that was furnished to plaintiff by defendant with the latter's letter of July 7, 1934, are submitted herewith as and marked "Plaintiff's Exhibit No. 134—Plaintiff's 1934 correspondence."

Further investigations of defendant's heel displays were made on September 11, 1934 and on November 5, 1934 by said Mildred M. Cordier, whose affidavit is being furnished, as aforesaid, and on September 11, 1934 she purchased from a store of defendant a pair of rubber heels, one of which bore a red circular Crusader mark and the other of which bore an orange circular Crusader mark. One of said heels with the red circular Crusader mark is submitted with her affidavit herein as Plaintiff's Exhibit No. 89 and one of said heels with the orange circular Crusader mark is submitted with her affidavit herein as Plaintiff's Exhibit No. 90. On November 5, 1934 said Mildred M. Cordier purchased from a store of defendants a pair of rubber heels bearing a square yellow mark with Crusader head thereon, one of which said

heels is submitted with her affidavit herein as Plaintiff's [fol. 75] Exhibit No. 91, and together with said Exhibits 89 and 90 is included in the panel display, Plaintiff's Exhibit No. 130. Said heels with said square yellow marks that said Mildred M. Cordier purchased on November 5, 1934, as aforesaid, were, as this affiant understands, displayed and sold at the same place and associated and mixed together with rubber heels bearing red circular Crusader marks, as well as marks of other colors.

The bill of complaint was prepared and filed, as affiant is advised, on November 28, 1934 and thereafter plaintiff received a letter dated January 2, 1935 from Harold S. Maddock, Receiver of Essex Rubber Company regarding the suit that had been instituted against this defendant by the filing of said bill of complaint and to that letter of Harold S. Maddock, Receiver, plaintiff replied in a letter under date January 18, 1935, copy of which said letter of January 18, 1935 and the original of said Essex Rubber Company letter of January 2, 1935 are submitted herewith as and marked "Plaintiff's Exhibit No. 135—Essex 1935 correspondence."

Defendant answered said bill of complaint and as affiant is advised, denied that it had committed the acts of infringement and unfair competition alleged in the bill of complaint. Thereafter, believing that defendant well knew of the marks that it had been using on its rubber heels and the manner in which it had displayed said heels in its various stores and believing further that the facts with respect thereto could be elicited by the filing of interrogatories directed to defendant, plaintiff filed interrogatories which were answered by defendant on February 28, 1935. With said interrogatories, plaintiff filed nine rubber heels marked respectively, Defendant's heels Nos. 1 to 9 inclusive which bore the following marks, namely, red circular Crusader mark, orange circular Crusader mark, plain tan spot Crusader mark, square yellow Crusader mark, a red circular Indian head (Sure Foot) mark and tan circular Eagle (Evergrip) mark, and plaintiff in its interrogatory No. 11 asked defendant to "state whether or not Defendant associated or mixed together said heels in displaying and offering them for sale" to which defendant answered:

"To the best of our knowledge, no. It would not be our normal way of selling this merchandise."

[fol. 76] and plaintiff in its interrogatory No. 12 asked defendant "If the answer to Interrogatory No. 11 is in the affirmative, state which of said rubber heels were associated or mixed together" to which defendant answered:

"To the best of our knowledge, the rubber heels of various kinds and manufacture were never associated or mixed together. It would not be our normal way of selling this merchandise."

Plaintiff believing that defendant, notwithstanding its aforesaid answers to said interrogatories, was actually in the display and sale thereof associating and mixing its rubber heels bearing the marks of the said interrogatory heels, not only in various places throughout the United States, but also in defendant's immediate vicinity in the Eastern District of Michigan, Southern Division and in the City of Detroit in said Division, made an investigation with respect thereto in various places throughout the United States and in the City of Detroit and elsewhere in the said Eastern District, and ascertained that defendant, contrary to its knowledge and belief as indicated in its answers to said interrogatories and although stating in said answers that it was not its policy to do so, was in fact in many places and even in its immediate vicinity associating and mixing its rubber heels bearing the marks of the interrogatory heels and defendant was also associating and mixing with the aforesaid heels other heels bearing a green mark of the same configuration and design as the red mark of the heels that were submitted with the interrogatories as Defendant's heels Nos. 7 and 8.

In this investigation a number of plaintiff's salesmen were instructed by plaintiff to examine the heel displays in stores of defendant and reports were made and heels purchased by the following salesmen:

James R. Williams
Charles V. Gaumer
Julius C. Bohling
J. G. Osborn
C. Milton Richey
William G. Klein, Sr.
Francis J. Corr
C. Wray Campbell

[fol. 77] who visited stores of the defendant in the following States:

Indiana
Kentucky
Nebraska
New York
Ohio
Pennsylvania
Virginia
West Virginia

Affidavits have been made by these salesmen for use in this case and the heels that they purchased are submitted with their affidavits as Plaintiff's Exhibit Nos. 92 to 113, inclusive, and 123, 124 and 125. The above mentioned Mildred M. Cordier also examined heel displays in several stores of the defendant and purchased heels at that time which are submitted with her affidavit herein as Plaintiff's Exhibits Nos. 114 to 122 inclusive. For convenience, the heels purchased by these salesmen and by Mildred M. Courier as aforesaid, and designated as Exhibits Nos. 92 to 125 inclusive have been mounted on a panel, and this panel with said heel Exhibits 92 to 125 inclusive thereon is marked and submitted as "Plaintiff's Exhibit No. 136—Defendant's 1935 heels". A photograph of said panel with said heel exhibits thereon is submitted herewith as and marked "Plaintiff's Exhibit No. 137—Photograph of Exhibit No. 136 (Defendant's 1935 heels)".

Also in the above mentioned investigation, George Washington, Jr. and Manning Giles were sent to Detroit, Ann Arbor, Jackson, Dearborn, Pontiac, Battle Creek and Lansing, all in the Eastern District of Michigan, Southern Division, to examine and make records of the heel displays in defendant's stores in those places. During April 10 to 13 inclusive of 1935 they visited twenty-four stores of defendant in Detroit, one in Ann Arbor, one in Jackson, one in Dearborn, one in Pontiac, two in Battle Creek and two in Lansing, and made a record of the heel displays in each of said stores. Affidavits have been made by said Washington and Giles for use in this case and in connection with the Washington affidavit thirty-two charts showing the heel displays in all of the aforesaid stores visited by said Washington and Giles are submitted as Plaintiff's Exhibit No.

132. Replicas of the displays in the stores of defendant at [fol. 78] 1201 Woodward Avenue, 5505 Michigan Avenue and 9201 Mack Avenue, all in the City of Detroit, were also made and have been submitted in connection with the Washington affidavit as Plaintiff's Exhibits Nos. 139, 140 and 141 respectively and for convenience, photographs of said replicas have been made and are submitted herewith as and marked respectively, "Plaintiff's Exhibit No. 142—Photograph of Exhibit No. 139 (1201 Woodward Ave., Detroit)". "Plaintiff's Exhibit No. 143—Photograph of Exhibit No. 140 (5505 Michigan Ave., Detroit)". and "Plaintiff's Exhibit No. 144—Photograph of Exhibit No. 141 (9201 Mack Ave., Detroit)".

Plaintiff, being convinced that defendant had not intended to and did not intend to discontinue the use of said marks on its heels nor the mixing and associating of heels bearing the various said marks nor the use of the peculiar ensemble of a spot of contrasting color on the tread face of its heels unless and until compelled to do so by order of Court, on March 19, 1935 sent an attorney to Detroit to investigate the prospects of an early trial and having learned from said investigation that it is unlikely that this cause in its regular order will be reached for trial for many months, plaintiff thereupon had its attorney proceed with preparations to present a motion for preliminary injunction to restrain defendant from continuing the acts complained of in the bill of complaint. Plaintiff has been informed and understands that defendant has 687 stores in the United States and 47 stores in the Dominion of Canada in which it is believed to have been and is believed to be committing the acts complained of in the bill of complaint and it is believed that said acts have been and are causing a very great amount of damage to plaintiff and that unless restrained by preliminary injunction, defendant will continue to commit the acts complained of and will thereby cause plaintiff further very great and irreparable damage.

This affidavit is made by me to be used on a motion for preliminary injunction about to be presented in the above entitled case by Mishawaka Rubber and Woolen Manufacturing Company, plaintiff against S. S. Kresge Company, defendant.

. . . . . .

[fol. 79] AFFIDAVIT OF CHARLES V. GAUMER

* * * * * * *

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1909.

Having received a request from the plaintiff to do so I went into the store of the defendant at 324 W. Main Street in Clarksburg in the County of Harrison and State of West Virginia, on February 24, 1934, and there purchased from [fol. 80] a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant two pairs of rubber heels of the "Crusader" type.

* * * * * * *

I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 74—Defendant's medium circular red Crusader heel bought by Gaumer in West Virginia".

* * * * * * *

I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 75—Defendant's large circular orange Crusader heel bought by Gaumer in West Virginia".

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks, in both the red and the orange colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

On March 8, 1935 at the request of the plaintiff, I again visited the store of the defendant which I had visited on February 24, 1934 at 324 W. Main Street, Clarksburg, West Virginia, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant five pairs of rubber heels, two pairs being of the "Crusader" type and three pairs being of the "Sure Foot" type.

* * * * * * *

[fol. 81] I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 97—Defendant's large circular orange Crusader heel bought by Gaumer in West Virginia March 8, 1935".

* * * * * * *

I submit herewith one of these heels with the red colored circular "Crusader" mark as "Plaintiff's Exhibit No. 98—Defendant's small circular red Crusader heel bought by Gaumer in West Virginia March 8, 1935".

* * * * * * *

I submit herewith one of these heels with the red colored circular "Sure Foot" mark as "Plaintiff's Exhibit No. 99—Defendant's large circular red Sure Foot heel bought by Gaumer in West Virginia March 8, 1935."

* * * * * * *

I submit herewith one of these heels with the green colored circular "Sure Foot" mark as "Plaintiff's Exhibit No. 100—Defendant's large green circular Sure Foot heel bought by Gaumer in West Virginia March 8, 1935".

* * * * * * *

[fol. 82] I submit herewith one of these heels with the green circular "Sure Foot" mark as "Plaintiff's Exhibit No. 101—Defendant's medium circular green Sure Foot heel bought by Gaumer in West Virginia March 8, 1935".

The rubber heels in said store were displayed March 8, 1935 on a counter having a certain part thereof devoted to the display of rubber heels and in this heel display rubber heels bearing the aforesaid circular marks in the red color, the orange color and the green color were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

* * * * * * *

[fols. 83-84] AFFIDAVIT OF MANNING GILES

* * * * * * *

(The affiant, an employee in the office of E. M. Giles, counsel for the plaintiff, fully corroborated the statements contained in the affidavit of George Washington, Jr.)

. . . . . .

[fol. 85] AFFIDAVIT OF LEO L. HARPER

. . . . . .

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1928.

Having received a request from the plaintiff to do so I went into the store of the defendant at 7th and Nicollet Streets, in Minneapolis, in the County of Hennepin and State of Minnesota, on February 24, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant two pairs of rubber heels, one of the "Crusader" type and the other of the "Evergrip" type.

. . . . . .

I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 47—Defendant's medium circular orange Crusader heel bought by Harper in Minneapolis, Minnesota."

. . . . . .

[fol. 86] I submit herewith one of these "Evergrip" heels with the tan colored circular mark as "Plaintiff's Exhibit No. 48—Defendant's circular tan Evergrip heel bought by Harper in Minneapolis, Minnesota".

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular mark in both the orange and the tan colors were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

. . . . . .

I went into the store of the defendant at No. 59 E. 7th Street in St. Paul, in the County of Ramsey in said State

on March 1, 1934 and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant one pair of rubber heels of the "Crusader" type.

* * * * * * *

I submit herewith one of these rubber heels with the red circular colored mark as "Plaintiff's Exhibit No. 49—Defendant's small circular red Crusader heel bought by Harper in St. Paul, Minnesota".

[fol. 87] The rubber heels in said store in St. Paul were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks of the "Crusader" type of heels in both the red and the orange colors were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

* * * * * * *

[fol. 88] AFFIDAVIT OF FREDERICK H. HIRCHERT

* * * * * * *

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1922.

Having received a request from the plaintiff to do so I went into the store of the defendant at 402 Euclid Avenue in Cleveland, in the County of Cuyahoga and State of Ohio, on February 28, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant three pairs of rubber heels of the "Crusader" type.

* * * * * * *

I submit herewith one of these heels as "Plaintiff's Exhibit No. 62—Defendant's large circular orange Crusader heel bought by Hirchert in Cleveland, Ohio".

* * * * * * *

[fol. 89] I submit herewith one of each of these heels with the red circular marks as "Plaintiff's Exhibit No. 63—

Defendant's small circular red Crusader heel (Black) bought by Hirchert in Cleveland, Ohio". I also submit herewith one of the other pair of rubber heels as "Plaintiff's Exhibit No. 64—Defendant's small circular red Crusader heel (Brown) bought by Hirchert in Cleveland, Ohio".

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks, in both the orange and the red colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

. . . . . .

[fol. 90] AFFIDAVIT OF FRED M. JONES

. . . . . .

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1926.

Having received a request from the plaintiff to do so I went into the store of the defendant at 1423 N. 12th Street in Milwaukee, in the County of Milwaukee and State of Wisconsin, on March 5, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant two pairs of rubber heels of the "Crusader" type.

. . . . . .

I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 59—Defendant's large circular orange Crusader heel bought by Jones in Wisconsin."

. . . . . .

I submit herewith one of these heels as "Plaintiff's Exhibit No. 60—Defendant's very small circular plain tan spot Crusader heel bought by Jones in Wisconsin".

[fol. 91] The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks, in both the orange and the tan colors, were indiscriminately displayed

together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

* * * * * * *

[fol. 92] AFFIDAVIT OF KENNETH L. KEENE

* * * * * * *

I am employed by the plaintiff in the above entitled case and have been in its employ since October 19, 1925.

In August, 1934 I was requested by Mildred M. Cordier, another of the employees of the plaintiff to wear a pair of leather shoes with two rubber heels attached thereto for the purpose of making a wear test of said rubber heels, and particularly to ascertain the wear results on two different red circular marks which were located in the central portion of the tread faces of the heels.

One of said rubber heels that were attached on one of the shoes of the pair furnished to me at that time, was a new rubber heel manufactured by the plaintiff and had plaintiff's red circular trade mark thereon with the words "Trade Mark" embossed on said red circular trade mark, the word "Trade" being above the word "Mark". Said rubber heel and its mark were identical with the rubber heel and its mark submitted in this case as "Plaintiff's Exhibit No. 16—Plaintiff's rubber heel". The other of said rubber heels that was attached to the other shoe of the pair furnished to me at that time, was a new rubber heel which was marked "Sure Foot" and had a red circular mark with the figure of an indian head embossed thereon. The last named rubber heel and its mark were identical with the rubber heel and its mark submitted in this case as "Plaintiff's Exhibit No. 35—Defendant's large circular red Sure Foot heel". Miss Cordier told me that the last named rubber heel was one of a pair of rubber heels which she had purchased in a store of the defendant [fol. 93] in South Bend, Indiana a few days before I began the wear test. I understand that Miss Cordier had made an affidavit in this case and that she has submitted the other rubber heel of the pair of "Sure Foot" heels she bought in defendant's store as "Plaintiff's Exhibit No. 88—Defendant's large circular red Sure Foot heel bought by Mildred M. Cordier in South Bend, Indiana".

Prior to beginning the wear test an identifying description was placed on the inside of the "Sure Foot" heel. In addition to this two holes were punched in the leather tongue of the shoe on which the "Sure Foot" heel was attached for means of identification.

On August 21, 1934 I started wearing the said pair of shoes which were provided with one of the plaintiff's rubber heels and with one of the "Sure Foot" type of rubber heels as aforesaid, and I continued wearing these shoes almost daily until December 13, 1934. At various times during this period, Miss Cordier and I examined the heels of said shoes and the marks on the heels, and finally when the heels had become somewhat worn down, the wear test was discontinued on December 13, 1934, at which time I delivered said shoes with the rubber heels attached thereto to plaintiff. At the completion of said wear test on December 13, 1934 the superficial markings on the tread face of plaintiff's rubber heel had been almost completely worn away, while the round red trade mark remained, and on the "Sure Foot" rubber heel the words "Sure Foot" were becoming dim and indistinct, and the indian head embossing was partially worn away on the red mark which still remained, and the red marks on both of said heels appeared conspicuously on the respective heels, although both heels and marks showed considerable wear. Although the two heels were worn by me simultaneously and for the same identical length of time, the "Sure Foot" heels showed more effects of wear than the plaintiff's heel.

I submit herewith the pair of shoes with the heels hereinbefore referred to made by the plaintiff and of the "Sure Foot" type as "Plaintiff's Exhibit No. 126—Pair of shoes bearing plaintiff's and Sure Foot type circular red marks worn by Keene".

* * * * * * *

[fol. 94] AFFIDAVIT OF WILLIAM G. KLEIN

* * * * * * *

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1915.

Having received a request from the plaintiff to do so I went into the store of the defendant at 17-23 W. Washington Street in Indianapolis in the County of Marion and

State of Indiana, on February 28, 1934, and there pur-
[fol. 95] chased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant two pairs of rubber heels of the "Crusader" type.

* * * * * * *

I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 86—Defendant's small circular red Crusader heel bought by Klein, Sr. in Indianapolis, Indiana".

* * * * * * *

I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 87—Defendant's large circular orange Crusader heel bought by Klein, Sr. in Indianapolis, Indiana".

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks in both the red and the orange colors were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

On March 16, 1935 at the request of the plaintiff, I again visited the store of the defendant which I had visited on February 28, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant two pairs of rubber heels of the "Sure Foot" type.

* * * * * * *

[fols. 96-97] I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 112—Defendant's large circular red Sure Foot heel bought by Klein, Sr. in Indianapolis, Indiana March 16, 1935".

* * * * * * *

I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 113—Defendant's medium circular red Sure Foot heel bought by Klein, Sr. in Indianapolis, Indiana March 16, 1935".

In the same display of rubber heels from which I purchased the two pairs of "Sure Foot" rubber heels, Plaintiff's Exhibit No. 112 and Plaintiff's Exhibit No. 113 employing the red circular marks, there were mixed therewith a number of rubber heels of the "Sure Foot" type which had no marks bearing color but were plain like "Plaintiff's Exhibit No. 38—Defendant's plain Sure Foot heel".

When purchasing the two pairs of "Sure Foot" red circular marked rubber heels I asked the young lady in charge of the counter in the Kresge store aforesaid, on March 16, 1935, if they sold many of these heels bearing the red circular marks. She said they did and especially the kind I had in my hand, indicating Plaintiff's Exhibit No. 112 and Plaintiff's Exhibit No. 113. She said that these were the kind most people purchased, although she showed me a plain black "Sure Foot" heel without color.

* * * * * * *

[fols. 98-99] AFFIDAVIT OF VERNICE F. LUDWIG

* * * * * * *

(The affiant, plaintiff's manager of sales, fully corroborated the statements contained in the affidavit of Earle J. W. Fink.)

* * * * * * *

[fol. 100] AFFIDAVIT OF JAMES A. MOGLE

* * * * * * *

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1926.

Having received a request from the plaintiff to do so I went into the store of the defendant at 1449 Woodward Avenue in Detroit, in the County of Wayne and State of [fol. 101] Michigan, on February 26, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant one pair of rubber heels of the "Crusader" type.

* * * * * * *

I submit herewith one of these heels which I purchased on February 26, 1934 as "Plaintiff's Exhibit No. 69—

Defendant's large circular orange Crusader heel bought by Mogle in Detroit, Michigan".

Having received a request from the plaintiff to do so I went into the store of the defendant at 1201 Woodward Avenue in Detroit, in said County and State, on March 14, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant two pairs of rubber heels of the "Crusader" type.

* * * * * * *

I submit herewith one of these heels which I purchased on March 14, 1934 as "Plaintiff's Exhibit No. 70—Defendant's small circular red Crusader heel bought by Mogle in Detroit, Michigan".

* * * * * * *

I submit herewith one of these heels which I purchased on March 14, 1934 as "Plaintiff's Exhibit No. 71—Defendant's very small circular plain tan spot Crusader heel bought by Mogle in Detroit, Michigan".

The rubber heels in said stores were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bear-
[fol. 102] ing the aforesaid circular marks, in both the red and the tan colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

In April, 1935 I was advised by plaintiff that two investigators, namely George Washington, Jr. and Manning Giles were being sent to Detroit to visit stores of the defendant in Detroit and examine and make records of the heel displays in said stores and I was requested by plaintiff to go with these investigators into some of defendant's stores, including the two that I had visited as aforesaid in 1934 and to check the heel displays in said stores with the investigators.

On April 11, 1935, I accompanied these investigators to the stores of the defendant at 1201 Woodward Avenue and 1449 Woodward Avenue, Detroit, in which stores I had previously made rubber heel purchases, as hereinbefore stated. I examined the rubber heel displays in both these

stores, checked them carefully and found them to be as represented respectively in the two colored diagrams on pages 1 and 10 of Plaintiff's Exhibit No. 138, which said pages are marked respectively "1201 Woodward Avenue, Detroit" and "1449 Woodward Avenue, Detroit".

On April 11, 1935, I also visited the defendant's stores at 5505 Michigan Avenue, Detroit and 9201 Mack Avenue, Detroit with said investigators and I examined the rubber heel displays in both these two last mentioned stores. I checked them carefully and found them to be as represented respectively on the two colored diagrams on pages 2 and 3 of Plaintiff's Exhibit No. 138, which said pages are marked respectively "5505 Michigan Avenue, Detroit" and "9201 Mack Avenue, Detroit".

Three photographs have been submitted to me which I understand are photographs of replicas of the heel displays that I saw and examined with said George Washington, Jr. and Manning Giles on April 11, 1935 at three of defendant's aforesaid stores. One of said photographs, which is marked "Plaintiff's Exhibit No. 142—Photograph of Exhibit No. 139 (1201 Woodward Ave., Detroit)" shows rubber heels arranged in the manner and with marks thereon as I saw them arranged, displayed and marked on April 11, 1935 at defendant's store at 1201 Woodward Avenue, Detroit, Michigan, and another of said photographs which is marked [fol. 103] "Plaintiff's Exhibit No. 143—Photograph of Exhibit No. 140 (5505 Michigan Ave., Detroit)" shows rubber heels arranged in the manner and with marks thereon as I saw them arranged, displayed and marked on April 11, 1935 at defendant's store at 5505 Michigan Avenue, Detroit, Michigan, and the third of said protographs, which is marked "Plaintiff's Exhibit No. 144—Photograph of Exhibit No. 141—(9201 Mack Ave., Detroit)" shows rubber heels arranged in the manner and with marks thereon as I saw them arranged, displayed and marked on April 11, 1934 at defendant's store at 9201 Mack Avenue, Detroit, Michigan.

* * * * * * *

[fol. 104] AFFIDAVIT OF J. G. OSBORN

* * * * * * *

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1916.

Having received a request from the plaintiff to do so I went into the store of the defendant at 302-304 Pearl Street in New Albany, in the County of Floyd and State of Indiana, on March 16, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant two pairs of rubber heels of the "Crusader" type.

* * * * * * *

I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 79—Defendant's medium circular red Crusader heel bought by Osborn in New Albany, Indiana".

* * * * * * *

I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 80—Defendant's medium circular orange Crusader heel bought by Osborn in New Albany, Indiana".

[fol. 105] The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks, in both the red and the orange colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

On March 9, 1935 at the request of the plaintiff, I visited another store of the defendant at 412-418 S. 4th Street in Louisville, in the County of Jefferson and State of Kentucky, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant three pairs of rubber heels, one pair being of the "Crusader" type and the other two pairs being of the "Sure Foot" type.

* * * * * * *

I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 106—Defendant's large circular orange Crusader heel bought by Osborn in Louisville, Kentucky March 9, 1935".

* * * * * * *

I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 107—Defendant's large circular red Sure Foot heel bought by Osborn in Louisville, Kentucky March 9, 1935".

. . . . . .

[fol. 106] I submit herewith one of these heels with the green colored circular "Sure Foot" mark as "Plaintiff's Exhibit No. 108—Defendant's medium circular green Sure Foot heel bought by Osborn in Louisville, Kentucky March 9, 1935".

The rubber heels in said store were displayed March 9, 1935 on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks in the orange color, the red color and the green color were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

. . . . . .

[fol. 107] AFFIDAVIT OF GAYLORD T. PARRY

. . . . . .

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1904.

Having received a request from the plaintiff to do so I went into a store of the defendant in Dubuque in the County of Dubuque and State of Iowa, on February 26, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant three pairs of rubber heels of the "Crusader" type and one pair of the "Evergrip" type.

. . . . . .

I submit herewith one of each of these heels with the orange circular mark as "Plaintiff's Exhibit No. 55—Defendant's large circular orange Crusader heel (Black) bought by Parry in Iowa". I also submit herewith one of the other pair of rubber heels as "Plaintiff's Exhibit No. 56—Defendant's large circular orange Crusader heel (Brown) bought by Parry in Iowa".

The third pair of "Crusader" rubber heels purchased by me February 26, 1934 was a pair of rubber heels having

[fols. 108-109] an all orange circular mark identical with the mark in "Plaintiff's Exhibit No. 31—Defendant's small circular orange Crusader heel" and the same is marked "Plaintiff's Exhibit No. 57—Defendant's small circular orange Crusader heel bought by Parry in Iowa".

* * * * * * * *

I submit herewith one of these heels with the tan circular mark as "Plaintiff's Exhibit No. 58—Defendant's circular tan Evergrip heel bought by Parry in Iowa".

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks in the orange and in the tan colors were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

* * * * * * *

[fol. 110] AFFIDAVIT OF C. MILTON RICHEY

* * * * * * *

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1932 and was previously in their employ from 1920 to 1922.

Having received a request from the plaintiff to do so I went into the store of the defendant in Richmond, in the County of Wayne and State of Indiana, on February 26, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant one pair of rubber heels of the "Crusader" type.

* * * * * * *

[fol. 111] I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 81—Defendant's medium circular red Crusader heel bought by Richey in Richmond, Indiana."

In the same store in Richmond, Indiana on February 26, 1934 I also saw other rubber heels of the "Crusader" type having orange circular marks identical with the red circular marks of Plaintiff's Exhibit 81. These orange circular marks were similar to the marks in "Plaintiff's Exhibit No.

30—Defendant's medium circular orange Crusader heel."

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks, in both the red and the orange colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

Having received a request from the plaintiff to do so I also went into the store of the defendant at 85 No. High street in Columbus, in the County of Franklin and State of Ohio, on February 26, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant one pair of rubber heels of the "Crusader" type.

* * * * * * *

I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 82—Defendant's medium circular red Crusader heel bought by Richey in Columbus, Ohio."

In the same store in Columbus, Ohio, on February 26, 1934, I also saw other rubber heels of the "Crusader" type having orange circular marks identical with the red circular [fol. 112] marks of Plaintiff's Exhibit 82. These orange circular marks were similar to the mark in "Plaintiff's Exhibit No. 30—Defendant's medium circular orange Crusader heel."

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks, in both the red and the orange colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

Having received a request from the plaintiff to do so I also went into the store of the defendant at 85 So. High street in Columbus, Ohio, on February 26, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant one pair of rubber heels of the "Crusader" type.

* * * * * * *

I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 83—Defendant's large circular orange Crusader heel bought by Richey in Columbus, Ohio."

In the same store in Columbus, Ohio, on February 26, 1934, I also saw other rubber heels of the "Crusader" type having red circular marks identical with the orange circular marks of Plaintiff's Exhibit No. 83. These red circular marks were similar to the mark in "Plaintiff's Exhibit No. 29—Defendant's medium circular red Crusader heel."

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks, in both the orange and the red colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

[fol. 113] On February 26, 1934, I also visited, at the request of the plaintiff, the store of the defendant at 25-27 Main street in Springfield, in the County of Clark and State of Ohio, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant one pair of rubber heels of the "Crusader" type.

* * * * * * * *

I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 84—Defendant's large circular orange Crusader heel bought by Richey in Springfield, Ohio."

Having received a request from the plaintiff to do so I went into the store of the defendant in Bloomington, in the County of Monroe and State of Indiana, on February 28, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant one pair of rubber heels of the "Crusader" type.

* * * * * * *

I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 85—Defendant's small circular red Crusader heel bought by Richey in Bloomington, Indiana."

In the same store in Bloomington, Indiana, on February 28, 1934, I also saw other rubber heels of the "Crusader" type having orange circular marks identical with the red circular mark of Plaintiff's Exhibit No. 85. These orange circular marks were similar to the marks in "Plaintiff's Exhibit No. 30—Defendant's medium circular orange Crusader heel."

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing [fol. 114] the aforesaid circular marks, in both the red and the orange colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

On March 29, 1935, at the request of the plaintiff, I again visited the store of the defendant which I had visited on February 26, 1934, at 85 So. High street, Columbus, Ohio, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant three pairs of rubber heels, one pair being of the "Crusader" type and two pairs being of the "Sure Foot" type.

* * * * * * *

I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 109—Defendant's medium circular orange Crusader heel bought by Richey in Columbus, Ohio, March 29, 1935."

* * * * * * *

I submit herewith one of these heels with the red colored circular "Sure Foot" mark as "Plaintiff's Exhibit No. 110—Defendant's medium circular red Sure Foot heel bought by Richey in Columbus, Ohio, March 29, 1935."

* * * * * * *

I submit herewith one of these heels with the "Sure Foot" mark without color as "Plaintiff's Exhibit No. 111—Defendant's plain Sure Foot heel bought by Richey in Columbus, Ohio, March 29, 1935."

[fol. 115] The rubber heels in said store were displayed March 29, 1935, on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel dis-

play rubber heels bearing the aforesaid circular marks in the orange and the red colors, as well as no color, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

* * * * * * *

[fol. 116] AFFIDAVIT OF HARLEY J. RICKERT

* * * * * * *

I am a salesman in the employ of the plaintiff, and have been in its employ since the year 1913.

Having received a request from the plaintiff to do so I went into the store of the defendant at 324 5th avenue in Pittsburgh, in the County of Allegheny and State of Pennsylvania, on March 10, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant three pairs of rubber heels of the "Crusader" type.

* * * * * * *

I submit herewith one of these heels as "Plaintiff's Exhibit No. 65—Defendant's large circular red Crusader heel bought by Rickert in Pittsburgh, Pa."

* * * * * * *

I submit herewith one of these heels as "Plaintiff's Exhibit No. 66—Defendant's small circular red Crusader heel bought by Rickert in Pittsburgh, Pa."

* * * * * * *

[fol. 117] I submit herewith one of these heels with the orange circular mark as "Plaintiff's Exhibit No. 67—Defendant's large circular orange Crusader heel bought by Rickert in Pittsbugh, Pa."

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks, in both the red and the orange colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

* * * * * * *

[fol. 118] AFFIDAVIT OF J. B. SNIDER

* * * * * * *

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1933.

Having received a request from the plaintiff to do so I went into a store of the defendant in St. Louis, in the County of St. Louis and State of Missouri, on March 5, 1934, and there purchased from a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant three pairs of rubber heels, two pairs being of the "Crusader" type and one of the "Evergrip" type.

* * * * * * *

I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 45—Defendant's medium circular red Crusader heel bought by Snider in Missouri".

* * * * * * *

[fol. 119] I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 46—Defendant's large orange Crusader heel bought by Snider in Missouri".

* * * * * * *

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks, in the red, in the orange and in the tan colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

* * * * * * *

[fol. 120] AFFIDAVIT OF WILLIAM S. TROXEL

* * * * * * *

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1916.

Having received a request from the plaintiff to do so I went into the store of the defendant at 245 Main Street in Orange, in the County of Essex and State of New Jersey, on February 26, 1934, and there purchased from a salesperson of the defendant engaged in the sale of rubber heels at one of the counters of the defendant two pairs of rubber heels of the "Crusader" type.

* * * * * * *

The rubber heels of the other pair purchased by me February 26, 1934 had a mark identical with the red circular mark aforesaid, except that the color of the mark was orange instead of red.

I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 44—Defendant's large orange heel bought by Troxel in New Jersey". [fol. 121] The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular mark, in both the red and the orange colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

* * * * * * *

AFFIDAVIT OF GEORGE WASHINGTON, JR.

* * * * * * *

I am of mature age, am a resident of Western Springs, in the County of Cook and State of Illinois, and am employed with my father in business.

[fol. 122] At the request of Mr. E. M. Giles, counsel for the plaintiff in the above entitled cause, I went to Detroit, Ann Arbor, Jackson, Dearborn, Pontiac, Battle Creek and Lansing, all in the State of Michigan and all in the Eastern District of Michigan, Southern Division, to visit stores of the defendant, S. S. Kresge Company at these places and to investigate the displays of rubber heels in said stores, the marks that were being used on said rubber heels and the manner in which the rubber heels were being displayed, and in visiting said stores I was accompanied by Mr. Manning Giles, also of Western Springs, Illinois. We visited and examined heel displays on April 10, 11 and 12, 1935 at defendant's stores in Detroit, Michigan, and on April

10, 1935 we also visited and examined heel displays at defendant's stores in Jackson, Michigan and Dearborn, Michigan, and on April 13, 1935, we visited and examined heel displays at defendant's stores at Ann Arbor, Pontiac, Lansing and Battle Creek, all in the State of Michigan, and we purchased rubber heels in most of these various stores of defendant that we visited. The addresses of defendant's stores that we visited and in which we examined heel displays, as aforesaid, during April 10-13, 1935 and in most of which said stores we purchased rubber heels are:

1201 Woodward Avenue—Detroit, Michigan
5505 Michigan Avenue—Detroit, Michigan
9201 Mack Avenue—Detroit, Michigan
5656 W. Vernor Highway—Detroit, Michigan
9542 Joseph Campau, Hamtramck—Detroit, Michigan
9012 Grand River—Detroit, Michigan
64 Saginaw Street, Pontiac, Michigan
11226 E. Jefferson, Detroit, Michigan
9615 Gratiot—Detroit, Michigan
1449 Woodward Avenue—Detroit, Michigan
8713 Twelfth Street—Detroit, Michigan
7348 Grand River—Detroit, Michigan
7821 W. Vernor Highway—Detroit, Michigan
114 S. Washington Street—Lansing, Michigan
21720 Grand River—Detroit, Michigan
204 S. Main Street—Ann Arbor, Michigan
55-61 Michigan Avenue W.—Battle Creek, Michigan
6547 Woodward Avenue—Detroit, Michigan
13933 Woodward Avenue—Detroit, Michigan
1461 Gratiot—Detroit, Michigan
[fol. 123] 10786 Grand River—Detroit, Michigan
14297 Gratiot—Detroit, Michigan
5892 W. Fort Street—Detroit, Michigan
13040 E. Jefferson—Detroit, Michigan
15328 Livernois—Detroit, Michigan
8021 Harper—Detroit, Michigan
37 Michigan Ave., W.—Battle Creek, Michigan
216 S. Washington—Lansing, Michigan
7354 Grand River—Detroit, Michigan
11634 Dexter—Detroit, Michigan
22022 Michigan Avenue—Dearborn, Michigan
133-135 Michigan Avenue—Jackson, Michigan

In each of the various stores of the defendant which we visited as aforesaid, the rubber heels were displayed on a counter which had a certain part thereof devoted to the display of rubber heels and the rubber heels, except in the store at 11634 Dexter Street, Detroit, were arranged throughout the counter space devoted thereto, in adjoining stacks with the number of heels in the stacks varying in the different stores and oftentimes in the stacks in the same store, and with the top heels of the stacks arranged with their tread faces upward and exposing to view the trade marks thereon. In some cases, rubber heels were arranged on edge between some of the stacks. In the store at 11634 Dexter Street, there was no counter display of heels, the heels being merely piled in a box which was produced for heel customers.

The heels that we found on display in the defendant's stores aforesaid, with their tread faces and the trade marks exposed were of various sizes and some of said heels were made of black rubber and others of brown rubber and said heels had a number of different trade marks of different colors, shapes and sizes in the central portions of their tread faces. A large number of the heels in said displays had red circular marks thereon which varied in size according to the size of the heel, and some of said red circular marks were of the "Crusader" type like those appearing on Plaintiff's Exhibits Nos. 28 and 29 and others of said red circular marks were of the "Sure Foot" type like those appearing on Plaintiff's Exhibits Nos. 34 and 35. Many others of said heels had orange circular marks of the "Crusader" type like those appearing on Plaintiff's Exhibits Nos. 30 and 31, and some of said heels had plain tan spot marks like that appearing on [fol. 124] the "Crusader" heel, Plaintiff's Exhibit No. 32. Others of the heels displayed in defendant's aforesaid stores bore a square yellow mark of the "Crusader" type like that appearing on Plaintiff's Exhibit No. 33, while others bore a tan circular mark of the "Evergrip" type like that appearing on Plaintiff's Exhibit No. 36, and others had a green circular mark of the "Sure Foot" type like that appearing on Plaintiff's Exhibit No. 37, and still others had an indian head mark of the same color as the rubber of the heel and like the mark appearing on Plaintiff's Exhibit No. 38.

In the heel displays of all of the defendant's said stores, and in the box at 11634 Dexter Street, Detroit, the rubber heels bearing the aforesaid marks above mentioned of various colors and shapes like those on Plaintiff's Exhibits Nos. 28 to 38 inclusive were indiscriminately mixed together and associated. A colored chart or diagram of each heel display that we examined in defendant's above mentioned stores has been prepared which said chart or diagram, except in two instances, hereinafter mentioned, shows the arrangement of the exposed top heels in the respective stores and the marks that appeared on said heels at the time we examined the heel display that is represented in each chart or diagram. Each chart or diagram is marked with the address of the store where we examined the heel display represented by the chart or diagram and is also marked with the date of our visit to that store and these charts or diagrams, (thirty-two in number) have been bound together as a single exhibit, which is submitted herewith as "Plaintiff's Exhibit No. 132—Colored diagrams showing defendant's rubber heel displays in Detroit and vicinity".

The defendant's stores at 22022 Michigan Avenue, Dearborn, Michigan and 133-135 Michigan Avenue, Jackson, Michigan were visited before this affiant was aware that information was to be obtained to make a diagrammatic reproduction of the displays and the diagrams for these two stores merely show the heels and the marks on heels that were displayed in these stores.

Reproductions or replicas of the heel displays which we examined during April 10-13, 1935 at three of the defendant's stores in Detroit, namely the stores at 1201 Woodward Avenue,—5505 Michigan Avenue and 9201 Mack Avenue, have been made with rubber heels arranged and [fol. 125] mounted so as to show the heels and the marks thereon in the manner in which the exposed top heels and marks thereon were arranged and appeared in the display at the respective store above mentioned, and said reproductions or replicas are submitted herewith respectively as "Plaintiff's Exhibit No. 139—Defendant's heel display, 1201 Woodward Ave., Detroit"—Plaintiff's Exhibit 140—Defendant's heel display, 5505 Michigan Ave., Detroit" and "Plaintiff's Exhibit No. 141—Defendant's heel display, 9201 Mack Ave., Detroit". Most of the rubber heels making up said Exhibits Nos. 139, 140 and 141 were purchased by

us during April 10-13, 1935 from stores of the defendant in Detroit, Ann Arbor, Jackson, Dearborn, Pontiac, Battle Creek and Lansing, a few at a time, and as some additional heels of certain sizes and with certain marks were found to be required in making up the replica Exhibits Nos. 139, 140 and 141, the additional heels required were purchased, as I understand, from stores of defendant in Chicago, Illinois. Each of the heels on the replica Exhibits Nos. 139, 140 and 141 is marked on the back with the place of purchase.

In view of the difficulty in ascertaining the exact size of each heel in the displays that are reproduced in Exhibits Nos. 139, 140 and 141, some of the heels of the said Exhibits may not be of the exact size of the corresponding heels of the corresponding display of which the particular Exhibit No. 139, 140 or 141 is a replica, but each heel of each said replica is of the same color rubber, bears the same mark and the same color of mark and is in the same relative position and is either the same size or approximately the same size as the corresponding heel of the display that the respective replica represents. These Exhibits Nos. 139, 140 and 141 are substantially representative of and typical of the rubber heel displays that we examined in most of the stores of defendant above mentioned.

In our visits to defendant's stores at 1201 Woodward Avenue and 1449 Woodward Avenue, Detroit, Michigan, we were accompanied by Mr. J. A. Mogle, one of the salesmen for the plaintiff and he checked the rubber heel display there with us. He also accompanied us to the defendant's stores at 9201 Mack Avenue and 5505 Michigan Avenue, Detroit, and also checked the displays there.

* * * * * * * *

[fol. 126] AFFIDAVIT OF JAMES R. WILLIAMS

* * * * * * * *

I am a salesman in the employ of the plaintiff and have been in its employ since the year 1920.

Having received a request from the plaintiff to do so I went into the store of the defendant at 1008 Main Street in Lynchburg, in the County of Campbell and State of Virginia, on February 27, 1934, and there purchased from

a sales-person of the defendant engaged in the sale of rubber heels at one of the counters of the defendant two [fol. 127] pairs of rubber heels of the "Crusader" type.

* * * * * * *

I submit herewith one of these heels with the red colored circular mark as "Plaintiff's Exhibit No. 72—Defendant's large circular red Crusader heel bought by Williams in Virginia".

* * * * * * *

I submit herewith one of these heels with the orange colored circular mark as "Plaintiff's Exhibit No. 73—Defendant's large circular orange Crusader heel bought by Williams in Virginia".

The rubber heels in said store were displayed on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks, in both the red and the orange colors, were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

On March 13, 1935, at the request of the plaintiff, I again visited the store of the defendant which I had visited on February 27, 1934 at 1008 Main Street, Lynchburg, Virginia, and there purchased from a salesperson of the defendant engaged in the sale of rubber heels at one of the counters of the defendant five pairs of rubber heels of the "Crusader" and "Evergrip" types.

* * * * * * *

[fol. 128] One of these heels having an orange colored circular mark is submitted herewith as "Plaintiff's Exhibit No. 92—Defendant's large circular orange Crusader heel bought by Williams in Virginia, March 13, 1935".

One of the other of said heels with the small orange colored circular mark is submitted herewith as "Plaintiff's Exhibit No. 93—Defendant's small circular orange Crusader heel bought by Williams in Virginia March 13, 1935".

* * * * * * *

I submit herewith one of these heels with the large square yellow "Crusader" mark as "Plaintiff's Exhibit No. 94—

Defendant's large square yellow Crusader heel bought by Williams in Virginia March 13, 1935".

* * * * * * *

I submit herewith one of these heels with the smaller square yellow colored mark as "Plaintiff's Exhibit No. 95—Defendant's small square yellow Crusader heel bought by Williams in Virginia March 13, 1935".

* * * * * * *

I submit herewith one of these heels with the circular tan "Evergrip" mark as "Plaintiff's Exhibit No. 96—Defendant's circular tan Evergrip heel bought by Williams in Virginia March 13, 1935".

In the display from which I secured the five pairs of rubber heels there was also included a plain rubber heel of the [fols. 129-139] "Sure Foot" type, the mark not being colored. This mark was similar to the mark of the heel "Plaintiff's Exhibit No. 38—Defendant's plain Sure Foot heel".

The rubber heels in said store were displayed March 13, 1935 on a counter having a certain part thereof devoted to the display of rubber heels, and in this heel display rubber heels bearing the aforesaid circular marks and square marks in the orange, the yellow and the tan colors were indiscriminately displayed together. The heels which I purchased, as aforesaid, were a part of and selected from said display.

* * * * * * *

[fol. 140] IN UNITED STATES DISTRICT COURT

AFFIDAVIT OF JOHN L. PICKERING, JR., OF THE S. S. KRESGE COMPANY—Filed July 9, 1935

STATE OF MICHIGAN,
County of Wayne, ss:

John L. Pickering, Jr., first being duly sworn, deposes and says upon oath that he is of lawful age and a resident of the City of Detroit, County of Wayne and State of Michigan; that he is a buyer of the S. S. Kresge Company

and that he has absolute control of the purchasing, the merchandising and the sale of the products in his department, among which are rubber heels;

That the S. S. Kresge Company has for many years sold rubber heels manufactured by others for replacement upon shoes;

[fol. 141] That the latter part of January, 1933, the S. S. Kresge Company first began the purchasing and sale of the Crusader heel, manufactured by the Essex Rubber Company, of Trenton, New Jersey, and identified at that time by an indented crusader's head on a circular background in hollow relief, centrally located upon the face portion of the heel and in the color red;

That there was not at that time, nor has there ever been any intention to copy or simulate the trade-mark of the Mishawaka Rubber and Woolen Manufacturing Company, which does not manufacture for sale rubber heels for replacement purposes;

That the only purpose of using the crusader's head heel with the trade-mark in the color red was because they were sold in S. S. Kresge Company stores, which have been for many years identified by reason of the extensive use of the color red on its store fronts;

That when the Mishawaka Rubber and Woolen Manufacturing Company first claimed that the Crusader heel in the color red infringed its trade-mark, this deponent on May 19, 1933 telegraphed the Essex Rubber Company, as per the attached copy of the telegram ordering discontinuance of the color red;

That thereafter, approximately on or about June 6, 1933, the heels were made up with the trade-mark in the color orange and continued to be received and purchased in that color by the S. S. Kresge Company until the latter part of June, 1934;

That by a letter of June 14, 1934, the Mishawaka Rubber and Woolen Manufacturing Company complained that the Crusader heels in the color orange were also an infringement;

That thereafter, on June 29, 1934, this deponent, by a letter, a copy of which is hereto attached, ordered the Essex Rubber Company to discontinue the delivery of all kinds of rubber heels to the S. S. Kresge Company, which order was respected;

That thereafter, on or about September 15, 1934, the S. S. Kresge Company began the purchase from the Essex Rubber Company of the Crusader heel with the identifying trade-mark centrally located upon the face portion of the heel of a crusader's head in hollow relief in natural rubber color upon a diamond shaped background;

That the S. S. Kresge Company first began the purchase from the O'Sullivan Rubber Company, Inc., of its "sure-
[fol. 142] foot" heel having the identifying surface ornamentation centrally located upon the face portion of the heel of an Indian head in full headdress in hollow relief on a circular background in the color red on or about July 1, 1934;

That some time thereafter, the Mishawaka Rubber and Woolen Manufacturing Company complained that this surface ornamentation was an infringement of its trade-mark and that thereafter, approximately the latter part of November, 1934, the S. S. Kresge Company ordered the discontinuance of the Sure-Foot surface ornamentation in the color red, which was thereafter changed to color green;

That the only Sure-Foot heels and the only Crusader heels having their surface ornamentations in the color red in stock at present are heels which were delivered to the respective S. S. Kresge Company stores prior to the dates of discontinuance mentioned herein and in the affidavits of the O'Sullivan Rubber Company and of the Essex Rubber Company;

That the Ever-Grip heel of the Boston Woven Hose & Rubber Company, known as heel #9 in plaintiff's exhibits used in the interrogatories, was first purchased early in the year 1934, having as its surface ornamentation the American eagle in hollow relief in the color white, located centrally in the face portion of the heel;

That thereafter, after purchasing the heel #9 with the white insert for approximately two months, the identifying surface ornamentation was changed from the color white to a beige or tan color, which is the color presently in use;

That the color of the surface ornamentation has absolutely no relation to the quantity of sales;

That the heels with surface ornamentations in colors other than red sell equally as well, if not better, than the heels with the surface ornamentation in red, when that color was formerly used;

That the O'Sullivan Rubber Company, Inc., of New York and Gettysburg, Pennsylvania; the Essex Rubber Company, of Trenton, New Jersey and the Boston Woven Hose & Rubber Company, of Boston, Massachusetts, constitute the only sources of supply at present of heels purchased by the S. S. Kresge Company for resale at retail; that if an injunction should issue, as prayed for by plaintiff, its effect [fols. 143-165] will be to put the S. S. Kresge Company temporarily out of the rubber heel business.

That all the heels supplied to the S. S. Kresge Company by the aforementioned companies under the various trade-marks and trade names, "Crusader", "Sure-Foot" and "Ever-Grip", have always borne, in addition to the colored marks, above referred to, identifying trade-marks, symbols or other indicia, which further indicate clearly that the goods being offered for sale by the S. S. Kresge Company at its stores are not the goods manufactured by the Mishawaka Rubber and Woolen Manufacturing Company.

Further, deponent saith not.

(S.) John L. Pickering.

Subscribed and sworn to before me this 5th day of July, A. D., 1935. (S.) Nell H. Dickinson, Notary Public, Wayne County, Michigan. My commission expires April 23, 1939.

Copy of Telegram

Detroit, Mich., May 13, 1933.

Essex Rubber Company, Trenton, N. J.

MAKE UP NO MORE RED IN CRUSADER WILL SEE DAVIDSON HOTEL COMMODORE NEW YORK MONDAY

Pickering, Kresge.

June 29, 1934.

Copy of Letter

Essex Rubber Co., P. O. Box 501, Trenton, N. J.

GENTLEMEN:

We have your letter of June 27th, and are making corrections as noted, although your list is temporarily void until your Mishawaka trouble is straightened out. We

would suggest not making any shipments to our stores until this latter is accomplished.

Yours very truly, S. S. Kresge Company, —— ——,
Buyer.

JLP-W.

[fol. 166] IN UNITED STATES DISTRICT COURT

AFFIDAVIT OF JAMES A. DAVIDSON OF THE ESSEX RUBBER COMPANY—Filed July 9, 1935

STATE OF NEW JERSEY,
County of Mercer, ss:

James A. Davidson, first being duly sworn, deposes and says upon oath that he is of lawful age and a resident of Trenton, New Jersey; that he has been employed by the Essex Rubber Company in the capacity of salesman for seven years; that he has personally examined the records of the Essex Rubber Company which disclose that it has manufactured rubber heels for replacement on shoes since the year 1907;

That since December, 1931, the Essex Rubber Company has used red as a color, contrasting with the black color of the heel proper, as a surface ornamentation for rubber heels manufactured by it;

That the Crusader heel, with a circular red indented crusader's head as such surface ornamentation, was manufactured and sold by the Essex Rubber Company to the S. S. Kresge Company from approximately January 30, 1933 to June 6, 1933;

That on May 19, 1933, the Essex Rubber Company received from the S. S. Kresge Company a telegram ordering all shipments of red Crusader head heels discontinued;

That beginning June 6, 1933, Crusader heels ornamented with the circular red indented crusader's head were discontinued and no further shipments thereof made to the S. S. Kresge Company; that on and after that date the Crusader heel supplied the S. S. Kresge Company was ornamented with a circular orange colored crusader's head indented in the surface thereof;

That on or about June 29, 1934 the S. S. Kresge Company ordered the Essex Rubber Company to discontinue all ship-

ments of rubber heels, which instructions were carried out;

That during the period from July 1 to September 1, 1934, the Essex Rubber Company changed its molds so as to ornament the exposed surface of its heels with an indented [fols. 167-169] diamond-shaped insert having a crusader's head thereon, the insert being the color of natural rubber, which heels are the only heels supplied by the Essex Rubber Company to the S. S. Kresge Company since on or about September 15, 1934.

(S.) James A. Davidson.

Subscribed and sworn to before me this 1st day of July, 1935. (S.) Walter E. Sandus, Notary Public, Mercer County, New Jersey. My commission expires June 21, 1939. (Seal.)

[fol. 170] In United States District Court

Affidavit of Ray M. Hoffman of the O'Sullivan Rubber Company, Inc.—Filed July 9, 1935

State of Pennsylvania,
County of Adams, ss:

Ray M. Hoffman, being first duly sworn, deposes and says that he is of lawful age and a resident of Gettysburg, County of Adams and State of Pennsylvania; that he is the secretary of the O'Sullivan Rubber Company, Inc., a corporation organized and existing under the laws of the State of Delaware, and deposes as follows:

That the O'Sullivan Rubber Company, Inc., has been manufacturing rubber heels for replacement on shoes since about the year 1889; that since about September 1, 1920, the O'Sullivan Rubber Company, Inc. and its predecessors, Victor Products Corporation and Sure-Foot Heel & Rubber Company, have been continuously using an ornamental design on rubber heels manufactured and sold by them in interstate commerce, consisting of a black and/or tan Indian head medallion on a circular background, the Indian head being in full headdress and centrally located on the exposed face portion of the heel;

That the use of a circular ornamentation, centrally located on the face portion of the heel, has been a matter

of general practice, the O'Sullivan Rubber Company, Inc. itself having produced and sold in interstate commerce since September 1, 1920 approximately 15,000,000 pairs of heels bearing such ornamentation;

That from July 1, 1934 to December 1, 1934, the O'Sullivan Rubber Company, Inc. manufactured and supplied to the S. S. Kresge Company its heels with the circular Indian head ornamentation as mentioned above, but using the color red in place of the black and/or tan theretofore used;

That on or about December 1, 1934, at the previous request of the S. S. Kresge Company, the O'Sullivan Rubber Company, Inc. discontinued the use of the red circular Indian head ornamentation as mentioned above, and began the use of the color green therefor;

[fol. 171] That since on or about December 1, 1934, no shipments of rubber heels having the red Indian head ornamentation thereon have been made to the S. S. Kresge Company;

Further deponent saith not.

(S.) Ray M. Hoffman.

Subscribed and sworn to before me this 28th day of June, A. D. 1935. (S.) Mary Rowe, Notary Public, Adams County, Pennsylvania. My commission expires March 5, 1937. (Seal.)

[fol. 172] In United States District Court

Affidavit of Catherine E. Truhn—Filed July 9, 1935

State of Michigan,
County of Wayne, ss:

Catherine E. Truhn, first being duly sworn, deposes and says upon oath that she is a resident of the City of Detroit, Wayne County, Michigan; that she is employed by Lawson & Giles, Attorneys for the defendant herein;

That at the request of William B. Giles, she studied 67 affidavits of managers of stores of the S. S. Kresge Company and from the study of these affidavits made a compilation relative to the displays of rubber heels in said stores, as set forth in said affidavits;

Deponent further says that in the 68 number of stores she finds that the affidavits show that there is a total of

11,204 pairs of rubber heels displayed, of which 1,428 were [fol. 173] rubber heels carrying the identifying trade-mark "Crusader" and having a replica of a crusader's head on an orange colored rubber disk, secured in an indented portion of the heel, and 3,274 Crusader heels with the indented diamond shaped crusader's head in natural rubber color, and 1,328 number of rubber heels having the trade-mark "Sure-Foot" thereon and having a green circular disk, showing an Indian in full headdress, secured in an indented portion of the heel and 173 number of rubber heels having the trade-mark "Crusader" thereon and having a replica of a crusader's head on a red rubber disk, secured in an indented portion of the heel and 955 number of rubber heels having the trade-mark "Sure-Foot" and having an identifying symbol of a red rubber disk having an Indian in full headdress, secured in an indented portion of the heel and 2,623 heels, having a trade-mark "Ever-Grip" and having as an identifying symbol an American eagle on a tan circular disk, secured in an indented portion of the heel and 1370 number of heels, having thereon the trade-marks but having no colored disks or other colored insert appearing thereon.

Further deponent saith not.

(S.) Catherine E. Truhn.

Subscribed and sworn to before me this 8th day of July, A. D. 1935. (S.) Mary E. Barber, Notary Public, Wayne County, Michigan. My commission expires July 14, 1937.

[fol. 174] In United States District Court

Defendant's Store Manager's Affidavits—Filed July 9, 1935

State of Michigan,
County of Wayne, ss:

W. H. Allger, being first duly sworn, deposes and says that he is of lawful age and a resident of Dearborn, Mich. and that he is the manager of the store owned and operated by the S. S. Kresge Company, located at Detroit, Mich.; that he is in charge of the display of merchandise offered for sale by the S. S. Kresge Company in said store; that the S. S. Kresge Company at said store offers for sale certain rubber heels upon which appear various trade-marks and

identifying symbols; that upon the date of this affidavit there is displayed on the counters of the said store 140 rubber heels, as follows:

(1) 0 number of heels, having thereon the trade-mark "Crusader" and having an indented diamond shaped trade-mark, being a replica of a crusader's head in a crude rubber color.

(2) 0 number of heels, having thereon the trade-mark "Crusader" and having a replica of a crusader's head in an orange colored rubber disk, secured in an indented portion of the heel.

(3) 49 "Sure Foot" heels, having thereon as an identifying symbol a green circular disk and showing an Indian in full headdress, secured in an indented portion of the heel.

(4) 0 "Crusader" rubber heels, showing a replica of a crusader's head on a red rubber disk, secured in an indented portion of the heel.

(5) 56 "Sure-Foot" heels, having identifying symbols of a red rubber disk, showing an Indian in full headdress, secured in an indented portion of the heel.

(6) 0 "Ever-Grip" heels, having thereon as an identifying symbol an American eagle in tan circular disk, secured in an indented portion of the heel.

(7) 35 heels, having thereon trade-marks, but no colored disk or other colored insert.

[fol. 175] That said number of heels on display is the average daily number so displayed and that they are never indiscriminately displayed together, but are customarily and usually arranged in such a manner as to display a variety of the colored inserts to the prospective purchaser and without emphasizing any one colored insert more than any other colored insert and in each instance segregating and massing particular colors together in order to provide an attractive display of the articles.

That on all of the rubber heels which are on display in the said store and which have been offered for sale in the said store there have always been borne, in addition to the colored makes, above referred to, identifying trade-marks, symbols or other indicia, and which further indicate clearly that the goods being offered for sale by the S. S. Kresge Company at the store are not the goods manufactured by

the Mishawaka Rubber and Woolen Manufacturing Company.

Further deponent saith not.

(S.) W. H. Allger.

Subscribed and sworn to before me this fifth day of July, A. D. 1935. (S.) A. R. Krause, Notary Public, Wayne County. My commission expires May 7, 1938. (Seal.)

[fol. 176] IN UNITED STATES DISTRICT COURT

STIPULATION AS TO MANAGERS' AFFIDAVITS—Filed March 12, 1940

It is hereby stipulated that 67 affidavits were filed in this cause by the defendant-appellee corresponding in all respects to the affidavit of W. H. Allger which is printed herein, which additional affidavits were submitted by the managers of the S. S. Kresge Company stores listed, and which additional affidavits show the number of heels and types of heels indicated below:

	Total Heels	Square Yellow Crusader	Orange Circular Crusader	Green Circular Sure Foot	Red Circular Crusader	Red Circular Sure Foot	Tan Circular Evergrip	No Colored Mark
DETROIT, MICHIGAN								
No address given	166	74	41	1	13	1	18	18
11634 Dexter Blvd	35	7	9	0	9	9	0	1
5892 W. Fort	108	44	68	0	0	0	0	0
7348 Grand River	202	78	69	0	9	21	0	25
7354 Grand River	33	0	0	0	0	0	33	0
9012 Grand River	131	13	75	0	16	20	6	1
10786 Grand River	79	41	0	16	5	1	14	2
21720 Grand River	154	98	15	0	0	11	5	25
1461 Gratiot	108	108	0	0	0	0	0	0
9615 Gratiot	100	55	11	0	0	32	2	0
14297 Gratiot	63	30	21	0	1	0	11	0
8021 Harper	72	24	3	0	0	0	44	1
11226 E. Jefferson	63	0	19	18	0	16	5	5
13040 E. Jefferson	120	6	24	0	12	36	24	18
9542 Joseph Campau	332	0	32	160	0	20	0	120
15328 Livernois	59	45	0	0	0	0	14	0
9201 Mack Avenue	142	88	33	0	0	3	0	18
8713 Twelfth	42	0	21	0	0	21	0	0
5656 W. Vernor	165	0	16	120	0	20	0	9
7821 W. Vernor	62	0	1	37	0	10	0	14
1201 Woodward Avenue	206	1	1	84	0	74	0	46
1449 Woodward Avenue	268	0	62	32	1	80	18	70
13933 Woodward Avenue	1313	0	101	0	0	1	1113	98

[fol. 177]

	Total Heels	Square Yellow Crusader	Orange Circular Crusader	Green Circular Sure Foot	Red Circular Crusader	Red Circular Sure Foot	Tan Circular Evergrip	No Colored Mark
MICHIGAN								
Ann Arbor	94	44	18	0	8	16	4	4
35 W. Michigan, Battle Creek	85	0	3	0	0	0	82	0
55 W. Michigan, Battle Creek	423	155	135	0	41	0	83	9
22022 Michigan, Dearborn	179	22	39	0	2	0	116	0
Jackson	118	100	0	0	7	0	9	2
133 S. Burdick, Kalamazoo	138	0	0	0	0	0	130	8
114 S. Wash., Lansing	176	145	0	24	0	7	0	0
216 S. Wash., Lansing	207	197	1	0	0	0	9	0
66 N. Saginaw, Pontiac	153	0	5	70	0	34	0	44
CHICAGO, ILLINOIS								
3141 Lincoln Avenue	158	0	18	17	15	61	0	57
4657 Broadway	64	0	4	0	0	0	57	3
1135 S. Halsted	221	0	0	38	0	35	0	148
6300 S. Halsted	286	195	15	0	0	0	12	64
1318 Milwaukee	144	0	0	0	0	0	144	0
1034 E. 63rd	80	54	6	0	10	0	4	6
10 S. State	252	144	12	72	12	12	0	0
INDIANA								
Bloomington	167	97	21	12	0	22	0	15
Elkhart	183	141	30	0	0	2	0	10
17 W. Wash., Indianapolis	349	0	15	168	0	51	0	115
302 Pearl St., New Albany	89	26	16	6	1	12	4	24
Richmond	137	125	7	0	0	5	0	0
201 S. Mich., South Bend	86	26	0	0	0	7	53	0
OTHER STATES								
790 Main, Dubuque, Iowa	152	0	2	0	0	0	150	0
421 S. 4th, Louisville, Ky	324	0	0	204	0	72	0	48
624 Nicollet, Minneapolis, Minn	231	0	101	0	0	0	51	79
57 E. 7th, St. Paul, Minn	316	180	59	0	0	66	10	1
1556 S. Bdwy., St. Louis, Mo	199	122	61	0	0	0	9	7
522 Wash., St. Louis, Mo	177	0	12	11	5	2	147	0
Lincoln, Nebraska	185	112	41	0	13	0	0	19
245 Main, Orange, N. J.	21	0	0	0	0	0	21	0
472 Main, Buffalo, N. Y	169	1	15	53	0	72	0	28
Schenectady, New York	150	135	0	0	0	0	13	2
241 State, Schenectady, N. Y.	167	130	29	0	0	0	8	0
96 Main, White Plains, N. Y	122	4	12	35	0	28	0	43
402 Euclid, Cleveland, O	342	0	39	0	0	0	303	0
[fol. 178]								
85 N. High St., Columbus, O	211	207	4	0	0	0	0	0
State & High, Columbus, O	149	0	24	30	2	38	0	55
Springfield, Ohio	288	0	0	72	0	96	0	120
322 5th Ave., Pittsburgh, Pa	112	0	12	35	1	16	23	25
6902 Market, Upper Darby, Pa	79	38	20	0	0	14	0	7
3 N. Main, Wilkes Barre, Pa	103	0	17	58	0	0	28	0
1008 Main, Lynchburg, Va	165	135	19	0	0	4	5	2
324 W. Main, Clarksburg, W. Va	94	0	18	59	1	4	0	12
1423 N. 12th, Milwaukee, Wis	84	60	12	0	0	12	0	0

[fols. 179-180] IN UNITED STATES DISTRICT COURT

ORDER AS TO DUPLICATE MANAGERS' AFFIDAVITS—Filed March 12, 1940

Upon stipulation of the parties heretofore filed, and it appearing to the Court that a large number of affidavits filed by the defendant are substantial duplicates of each other, in accordance with the stipulation

It is hereby ordered that a printing of one of the affidavits and a listing of the duplicate affidavits of the identical type of the affidavit printed may be resorted to in lieu of printing the large number of duplicate affidavits.

Dated this 12 day of March, A. D. 1940.

Ernest A. O'Brien, United States District Judge.

Wm. B. Giles, Attorney for Defendant.

* * * * * * *

[fol. 181] IN UNITED STATES DISTRICT COURT

Plaintiff's Reply Affidavits—Filed July 15, 1935

REPLY AFFIDAVIT OF EARLE J. W. FINK

* * * * * * *

I am the Earle J. W. Fink, president and general manager of the plaintiff company, who has heretofore made an affidavit in behalf of the plaintiff in the above entitled cause, and by reason of my connection with and duties for the plaintiff as recited in my previous affidavit, I am familiar with and have knowledge of the matters and things referred to and stated hereinafter and in the two lists attached hereto.

That the validity of plaintiff's trade mark involved herein has been established, recognized, acknowledged and acquiesced in by others throughout many years, not only as evidenced by the 1895, 1915 and 1935 decisions in the Rice, Schlagel and Panco cases respectively which I discussed at pages 19, 20 and 10 respectively of my previous affidavit, but also as further evidenced by the decisions in the oppositions and compliance of others to demands of the plaintiff

to cease use of objectionable marks, which said oppositions and compliances referred to are set forth and explained in the two lists attached hereto and marked respectively "List No. 1, Plaintiff's Oppositions" and "List No. 2, Plaintiff's Complaints", the former of which, namely "List No. 1, Plaintiff's Oppositions" gives information regarding oppositions which plaintiff filed in the United States Patent Office to prevent, and in which the Patent Office refused registration of trade marks which others sought to register and which plaintiff regarded as an infringement of its trade mark herein, and the latter of which said lists, namely "List No. 2, Plaintiff's Complaints" gives information regarding demands made by plaintiff upon others that they discontinue using trade marks that were regarded by [fols. 182-184] plaintiff as infringing its trade mark involved herein and which said demands were complied with.

* * * * * * *

LIST NO. 1—PLAINTIFF'S OPPOSITIONS REFERRED TO IN REPLY AFFIDAVIT OF EARLE J. W. FINK

Plaintiff, Mishawaka Rubber and Woolen Manufacturing Company successfully opposed the following trade-mark applications in the United States Patent Office:

1. Serial No. 182,958, filed July 9, 1923, by Blek Co. Mfrs., St. Louis, Mo.

2. Serial No. 190,145, filed December 27, 1923, by Belleville Shoe Mfg. Co., Belleville, Ill.

3. Serial No. 214,021, filed May 8, 1925, by Keehn Brothers, Chicago, Ill.

4. Serial No. 179,936, filed April 30, 1923, by B. F. Goodrich Company, New York, N. Y.

5. Serial No. 197,881, filed May 31, 1924 by Albert F. Haynes, doing business as "The Spot Cash Shoe Store", Ottawa, Kan.

6. Serial No. 275,559, filed November 20, 1928, by Barney B. Cockrell, doing business as "Red Ball Stores", Drew, Miss.

7. Serial No. 341,413, filed September 7, 1933, by George A. Clapp and Carl F. Woods, receiver in equity of E. H. Clapp Rubber Company, Boston and Hanover, Mass.

8. Serial No. 334,432, filed January 28, 1933, by Essex Rubber Company, Trenton, N. J.

9. Serial No. 286,823, filed July 9, 1929, by Excelsior Mills, Union, S. C.

10. Serial No. 322,388, filed December 23, 1931, by Jacobs, Grossman & Rosenberg, Inc., Philadelphia, Penn.

[fols. 185-190] List No. 2—Plaintiff's Complaints Referred to in Reply Affidavit of Earle J. W. Fink

Plaintiff, in its appropriate name, Mishawaka Rubber and Woolen Manufacturing Company, or Mishawaka Woolen Manufacturing Company, gave notice to the following concerns of its objection to marks used by said concerns, and was given assurance by said concerns that the marks objected to would no longer be used:

1. Diamond Rubber Company, Akron, Ohio.
2. The B. F. Goodrich Company, Akron, Ohio.
3. Sears, Roebuck & Co., Chicago, Ill.
4. Servus Rubber Company, Rock Island, Ill.
5. The Time Cord Sole and Heel Company, Lima, Ohio.
6. Hood Rubber Company, Boston, Mass.
7. Steadfast Rubber Co., Inc., Mattapan, Mass.
8. Hori Brothers, Los Angeles, Calif.
9. Goodyear Rubber Company, St. Paul, Minn.
10. Herbist Shoe Mfg. Co., Milwaukee, Wisc.
11. Rainbow Rubber Company, Butler, Pa.
12. Tendick Shoe Mfg. Co., Milwaukee, Wisc.
13. New York Merchandise Co., Inc., New York, N. Y.
14. Chicago Mail Order Company, Chicago, Ill.
15. Grand Rapids Felt Boot Company, Grand Rapids, Mich.
16. Tyer Rubber Company, Andover, Mass.
17. Hamilton Rubber Company, New York, N. Y.
18. Bradstone Rubber Company, Woodbine, N. J.
19. Weyenberg Shoe Mfg. Co., Milwaukee, Wisc.

* * * * * * *

[fol. 191] Reply Affidavit of Manning Giles

* * * * * * *

I am the Manning Giles who has heretofore given an affidavit in behalf of the plaintiff in the above entitled cause

and I am employed in the office of E. M. Giles, counsel for plaintiff, and am familiar with the proceedings which have taken place in the case since making my above mentioned affidavit.

[fol. 192] I attended in Detroit, Michigan on June 17, 1935 with Mr. Harvey L. Hanson, of counsel for plaintiff, in connection with the securing of the order on the defendant to show cause why a preliminary injunction should not issue against the defendant in the above entitled cause and also attended with Mr. Hanson at the office of defendant's solicitors, Lawson and Giles, when copies of the motion papers were served upon them. Immediately after the service of the papers I examined the rubber heel display of the defendant at 1201 Woodward avenue, in Detroit, and found the display of rubber heels there to be substantially similar to the display of rubber heels which I had theretofore seen in the same store in April, 1935, as stated in my prior affidavit filed herein and as shown in Plaintiff's Exhibits Nos. 139 and 142, except that in the display on June 17, 1935, there were included a few rubber heels having square yellow Crusader marks like that of Plaintiff's Exhibit No. 33. In the said heel display at 1201 Woodward avenue on June 17, 1935, there were a large number of Sure Foot heels having red trade marks like "Plaintiff's Exhibit No. 34—Defendant's medium circular red Sure Foot heel" and "Plaintiff's Exhibit No. 35—Defendant's large circular red Sure Foot heel."

I thereupon purchased at defendant's said store at 1201 Woodward avenue, Detroit, from one of defendant's clerks, six pairs of rubber heels representative of all the heels in the said display on June 17, 1935, and they are as follows:

Three pairs of Sure Foot heels bearing red circular trade marks in the central portions of the tread faces thereof in three different sizes of marks, large, medium and small, like "Plaintiff's Exhibit No. 34—Defendant's medium circular red Sure Foot heel" and "Plaintiff's Exhibit No. 35—Defendant's large circular red Sure Foot heel." Also a pair of heels having green trade marks similar to "Plaintiff's Exhibit No. 37—Defendant's medium circular green Sure Foot heel." Also a pair of plain Sure Foot heels without any coloring, similar to "Plaintiff's Exhibit No. 38—Defendant's plain Sure Foot heel," and finally a pair of Crusader heels employing large yellow square marks

similar to "Plaintiff's Exhibit No. 33—Defendant's large square yellow Crusader heel."

[fol. 193] I have secured one of each of these heels together and submit them herewith as one exhibit, which is marked "Plaintiff's Exhibit No. 146—Heels purchased at 1201 Woodward avenue, Detroit, June 17 1935."

On Tuesday, July 9, 1935, after counsel for the plaintiff had received copies of the defendant's answer to the plaintiff's motion for preliminary injunction and affidavits in behalf of the defendant, I visited a store of the defendant at No. 10 South State street, Chicago. Mr. F. P. Williams, the manager of this store has made an affidavit regarding the display of rubber heels in the store. His affidavit is one of the affidavits of the defendant's store managers filed and served in behalf of the defendant. He stated in substance that on June 27, 1935, there were 252 rubber heels on display on the counters of the store, 144 being Crusader heels with indented diamond shaped trade marks, 12 being Crusader heels with orange colored marks, 72 being Sure Foot heels with green colored marks, 12 being Crusader heels with red colored marks and 12 being Sure Foot heels with red colored marks. Mr. Williams in his said affidavit, stated further.

"That said number of heels on display is the average daily number so displayed and that they are never indiscriminately displayed together, but are customarily and usually arranged in such a manner as to display a variety of the colored inserts to the prospective purchaser and without emphasizing any one colored insert more than any other colored insert and in each instance segregating and massing particular colors together in order to provide an attractive display of the articles."

I examined the heels on display at defendant's store at 10 South State Street, Chicago, on July 9, 1935 to see whether or not the heels were "indiscriminately displayed together" and also to see whether they were "arranged in such a manner as to display a variety of the colored inserts to the prospective purchaser and without emphasizing any one colored insert more than any other colored insert" and whether the heels were segregated and massed together as to particular colors. At this store I found Sure Foot heels with red colored circular marks and Sure Foot heels with green cir-

cular marks and a few Sure Foot heels without colored marks all indiscriminately mixed together in a heap in a [Tol. 194] compartment on the counter, without any orderly arrangement thereof or segregating of the marks of different colors, said heap having the red marked, green marked and no color marked heels thrown together or dumped into the compartment in a heaped up pile without regard to the color of the marks on the heels. This pile of rubber heels in which the heels with the red and green colored marks were all mixed together with only a few of the heels having no colored marks here and there in the pile was about eight inches high. In examining this pile of heels, I handled and held many of the heels and went through the pile to the bottom to see whether or not there were any rubber heels other than those bearing red, green or plain Sure Foot marks, but I found no colored marks in the entire pile other than the red and the green. There was about an equal number of red and green marked Sure Foot heels.

There were three other compartments with rubber heels next to this pile of heels and in these three other compartments the heels were laid flat and there were in these three other compartments a number of Crusader heels with square yellow marks with a few Crusader heels with red colored marks, and there were several heels of the Sure Foot type having red colored marks.

I was accompanied on my visit, July 9, 1935, to the defendant's store at 10 South State street, Chicago, by Miss Martha Stephenson and Mr. John H. Smith, and they are also making affidavits for use in reply in the above entitled case.

On July 12, 1935 in order to check the investigation I made on July 9th, at the defendant's store at 10 S. State street, I again visited that same store to see whether the defendant continued to indiscriminately display together rubber heels bearing the red and green marks as I had seen them displayed on July 9, 1935 at this store. I found the pile of the red and green marked Sure Foot heels substantially the same as I had seen it a few days before and there apparently was no substantial change in the pile or in the proportion of red and green colored marks present. On this visit of July 12, 1935, I was again accompanied by Miss Martha Stephenson and Mr. John H. Smith. The display of rubber heels in the three other compartments was substantially the same as on July 9, 1935, the larger num-

ber of trade marks being the yellow square Crusader trade [fol. 195] marks with heels bearing red and orange marks scattered here and there among the square yellow marked heels.

I made a color chart or diagram illustrating the display at 10 South State Street, Chicago, which is substantially identical with the display I saw at that store July 9th and which I checked July 12, 1935, and in this chart the heap or pile of heels with red and green and no color marks is represented diagrammatically. This colored diagram is submitted herewith as "Plaintiff's Exhibit No. 147—Colored diagram showing defendant's rubber heel display at 10 S. State street, Chicago, July 12, 1935."

I have examined the affidavits of the store managers of the defendant, copies of which were served on plaintiff's solicitor and have made a list showing the locations of the stores of the defendant mentioned in the affidavits and also lists of the various types of rubber heels said to be on display on the counters of the various stores, and submit the same herewith as "Plaintiff's Exhibit No. 148—List of defendant's stores and rubber heels on hand referred to in defendant's affidavits."

An examination of this list will show that, although plaintiff has alleged that the defendant has 687 stores in the United States and 47 stores in Canada, the defendant's affidavits refer to only 68 stores. By referring to plaintiff's Exhibit No. 148, it will be seen that in 61 of the 68 selected stores, the heel displays include heels bearing red or orange circular trade marks or both; that 41 of the stores had both red and orange marked rubber heels, that 12 of the stores had orange marked heels and no red marked heels, and that 8 of the stores had red marked heels, but no orange marked heels.

In addition to examining the rubber heel display at 10 South State street, Chicago, on July 12th, as aforesaid, I went on that date to and examined the heel displays in two other stores of the defendant, one at 1034 E. 63rd street, Chicago, and the other at 3141 Lincoln avenue, Chicago. In the rubber heel displays at each of these stores, I found that heels bearing various colored marks were indiscriminately displayed together and that the heels with the various colored marks were not segregated and massed together [fol. 196] as alleged in the affidavits of Russell E. Bailey, Manager of the store of the defendant at 1034 E. 63rd street,

Chicago, and C. B. McCarty, Manager of the store of the defendant at 3141 Lincoln avenue, Chicago. I visited these two stores on July 12, 1935, accompanied by Miss Martha Stephenson and Mr. John H. Smith. I made a colored diagram illustrating the rubber heels in the compartments on the counters of these two stores as seen by me July 12, 1935. I submit the same herewith as "Plaintiff's Exhibit No. 149—Colored diagram showing defendant's rubber heel display at 1034 E. 63rd street, Chicago; July 12, 1935" and "Plaintiff's Exhibit No. 150—Colored diagram showing defendant's rubber heel display at 3141 Lincoln avenue, Chicago, July 12, 1935."

* * * * * * *

[fols. 197-198] AFFIDAVITS OF JOHN H. SMITH AND MARTHA STEPHENSON

(The affiants, employees in the office of E. M. Giles, counsel for the plaintiff, fully corroborated the statements contained in the Reply Affidavit of Manning Giles.)

* * * * * * *

[fol. 199] IN UNITED STATES DISTRICT COURT

AFFIDAVIT OF S. S. KRESGE CLERK—Filed July 18, 1935

STATE OF MICHIGAN,
County of Wayne, ss:

Martha Smith, being first duly sworn, deposes and says upon oath as follows:

(1) That she is of lawful age and a resident of Detroit, Michigan, and has been an employee of the S. S. Kresge Company for 1½ years at its store located at Clifford street, Detroit, Michigan.

(2) That it is her duty to sell merchandise to the public, and included in the merchandise in her department are rubber heels;

(3) That she has been selling rubber heels as sales clerk for the S. S. Kresge Company for 1 year at the above store;

(4) That during that period of time, to the best of her recollection, she has had no number of requests for the "Mishko" heel of the Mishawaka Rubber and Woolen Manufacturing Company;

(5) That she has had no number of requests for "Red Dot" rubber heels; no number of requests for "Ball Band" rubber heels; no number of requests for "Red Ball" rubber heels;

(6) That she has never sold nor endeavored to sell to a customer either the Crusader, the Sure-Foot or the Ever-Grip heel as the heel of, or manufactured by, the Mishawaka Rubber and Woolen Manufacturing Company.

(S.) Martha Smith.

Subscribed and sworn to before me this 15th day of July, A. D. 1935. (S.) Samuel Van Vliet, Notary Public, Wayne County, Michigan. My commission expires April 16, 1939. (Seal.)

[fol. 200] IN UNITED STATES DISTRICT COURT

AFFIDAVIT OF S. S. KRESGE CLERK—Filed July 18, 1935

STATE OF MICHIGAN,
County of Wayne, ss:

Lillian Keast, being first duly sworn, deposes and says upon oath, as follows:

(1) That she is of lawful age and a resident of Detroit, Michigan, and has been an employee of the S. S. Kresge Company for 7 years at its store located at 9012 Gr. River, Detroit, Mich.

(2) That it is her duty to sell merchandise to the public, and included in the merchandise in her department are rubber heels.

(3) That she has been selling rubber heels as sales clerk for the S. S. Kresge Company for 7 years at the above store.

(4) That during that period of time, to the best of her recollection, she has had 0 number of requests for the

"Mishko" heel of the Mishawaka Rubber and Woolen Manufacturing Company;

(5) That she has had 12 number of requests for "Red Dot" rubber heels; 0 number of requests for "Ball Band" rubber heels; 0 number of requests for "Red Ball" rubber heels;

(6) That she has never sold nor endeavored to sell to a customer either the Crusader, the Sure-Foot or the Ever-Grip heel as the heel of, or manufactured by, the Mishawaka Rubber and Woolen Manufacturing Company.

(S.) Lillian Keast.

Subscribed and sworn to before me this 15th day of July, A. D. 1935. (S.) Myra Heppner, Notary Public, Wayne County, Michigan. My commission expires April 20, 1938.

[fol. 201] IN UNITED STATES DISTRICT COURT

AFFIDAVIT OF S. S. KRESGE CLERK—Filed July 18, 1935

STATE OF MICHIGAN,
County of Jackson, ss:

H. J. Waite, being first duly sworn, deposes and says upon oath as follows:

(1) That she is of lawful age and a resident of Jackson, Michigan, and has been an employee of the S. S. Kresge Company for 6 years at its store located at 133 W. Michigan avenue, Jackson, Michigan;

(2) That it is her duty to sell merchandise to the public, and included in the merchandise in her department are rubber heels;

(3) That she has been selling rubber heels as sales clerk for the S. S. Kresge Company for 6 years at the above store.

(4) That during that period of time, to the best of her recollection, she has had none number of requests for the "Mishko" heel of the Mishawaka Rubber and Woolen Manufacturing Company;

(5) That she has had none number of requests for "Red Dot" rubber heels; 6 only number of requests for "Ball Band" rubber heels; none number of requests for "Red Ball" rubber heels;

(6) That she has never sold nor endeavored to sell to a customer either the Crusader, the Sure-Foot or the Ever-Grip heel as the heel of, or manufactured by, the Mishawaka Rubber and Woolen Manufacturing Company.

(S.) H. J. Waite.

Subscribed and sworn to before me this 15th day of July, A. D. 1935. (S.) Charl E. Greene, Notary Public, Jackson County, Michigan. My commission expires October 11, 1935. (Seal.)

[fol. 202] IN UNITED STATES DISTRICT COURT

AFFIDAVIT OF S. S. KRESGE CLERK—Filed July 18, 1935

STATE OF MICHIGAN:
County of Kalamazoo, ss:

(Mrs.) Frona Roberts, being first duly sworn, deposes and says upon oath as follows:

(1) That she is of lawful age and a resident of Kalamazoo, Michigan, and has been an employee of the S. S. Kresge Company for 5 years at its store located at Burdick street, Kalamazoo, Michigan.

(2) That it is her duty to sell merchandise to the public, and included in the merchandise in her department are rubber heels;

(3) That she has been selling rubber heels as sales clerk for the S. S. Kresge Company for 4 years at the above store.

(4) That during that period of time, to the best of her recollection, she has had no requests for the "Mishko" heel of the Mishawaka Rubber and Woolen Manufacturing Company;

(5) That she has had no requests for "Red Dot" rubber heels; two requests for "Ball Band" rubber heels; no requests for "Red Ball" rubber heels;

(6) That she has never sold nor endeavored to sell to a customer either the Crusader, the Sure-Foot or the Ever-Grip heel as the heel of, or manufactured by, the Mishawaka Rubber and Woolen Manufacturing Company.

(S.) Frona Roberts.

Subscribed and sworn to before me this 16th day of July, A. D. 1935. (S.) V. R. Patten, Notary Public, Kalamazoo County, Michigan. My commission expires January 16, 1939. (Seal.)

[fol. 203] IN UNITED STATES DISTRICT COURT

AFFIDAVIT OF S. S. KRESGE CLERK—Filed July 18, 1935

STATE OF MICHIGAN,
County of Kalamazoo, ss:

(Miss Garnet Cloud, being first duly sworn, deposes and says upon oath as follows:

(1) That she is of lawful age and a resident of Kalamazoo, Michigan, and has been an employee of the S. S. Kresge Company for two years at its store located at Burdick street, Kalamazoo, Michigan.

(2) That it is her duty to sell merchandise to the public, and included in the merchandise in her department are rubber heels;

(3) That she has been selling rubber heels as sales clerk for the S. S. Kresge Company for one year at the above store.

(4) That during that period of time, to the best of her recollection, she has had no number of requests for the "Mishko" heel of the Mishawaka Rubber and Woolen Manufacturing Company;

(5) That she has had no number of requests for "Red Dot" rubber heels; one number of requests for "Ball

Band" rubber heels; no number of requests for "Red Ball" rubber heels;

(6) That she has never sold nor endeavored to sell to a customer either the Crusader, the Sure-Foot or the Ever-Grip heel as the heel of, or manufactured by, the Mishawaka Rubber and Woolen Manufacturing Company.

(S.) Garnet Cloud.

Subscribed and sworn to before me this 16th day of July, A. D. 1935.

(S.) V. R. Patten, Notary Public, Kalamazoo County, Michigan. My commission expires January 16, 1939. (Seal.)

[fol. 204] IN UNITED STATES DISTRICT COURT

AFFIDAVIT OF S. S. KRESGE CLERK—Filed July 18, 1935

STATE OF IOWA,
County of Dubuque, ss:

Leona Reisner, being first duly sworn, deposes and says upon oath as follows:

(1) That she is of lawful age and a resident of Dubuque, Iowa, and has been an employee of the S. S. Kresge Company for 4 years at its store located at 790 Main street, Dubuque, Iowa.

(2) That it is her duty to sell merchandise to the public, and included in the merchandise in her department are rubber heels;

(3) That she has been selling rubber heels as sales clerk for the S. S. Kresge Company for 3½ years at the above store.

(4) That during that period of time, to the best of her recollection, she has had 0 number of requests for the "Mishko" heel of the Mishawaka Rubber and Woolen Manufacturing Company;

(5) That she has had 0 number of requests for "Red Dot" rubber heels; 0 number of requests for "Ball Band" rubber heels; 2 number of requests for "Red Ball" rubber heels;

(6) That she has never sold nor endeavored to sell to a customer either the Crusader, the Sure-Foot or the Ever-Grip heel as the heel of, or manufactured by, the Mishawaka Rubber and Woolen Manufacturing Company.

(S.) Leona Reisner.

Subscribed and sworn to before me this 15th day of July, A. D. 1935.

(S.) Florence E. Buxton, Notary Public, Dubuque County, Iowa. My commission expires July 4, 1936. (Seal.)

[fol. 205] IN UNITED STATES DISTRICT COURT

AFFIDAVIT OF S. S. KRESGE CLERK—Filed July 18, 1935

STATE OF KENTUCKY,
County of Jefferson, ss:

Josephine Frances Everhart, being first duly sworn, deposes and says upon oath as follows:

(1) That she is of lawful age and a resident of Louisville, Kentucky, and has been an employee of the S. S. Kresge Company for 5 years at its store located at 412 So. 4th street, Louisville, Kentucky;

(2) That it is her duty to sell merchandise to the public, and included in the merchandise in her department are rubber heels;

(3) That she has been selling rubber heels as sales clerk for the S. S. Kresge Company for 2 years at the above store.

(4) That during that period of time, to the best of her recollection, she has had none number of requests for the "Mishko" heel of the Mishawaka Rubber and Woolen Manufacturing Company;

(5) That she has had none number of requests for "Red Dot" rubber heels; none number of requests for "Ball Band" rubber heels; 3 number of requests for "Red Ball" rubber heels;

(6) That she has never sold nor endeavored to sell to a customer either the Crusader, the Sure-Foot or the Ever-

Grip heel as the heel of, or manufactured by, the Mishawaka Rubber and Woolen Manufacturing Company.

(S.) Josephine Frances Everhart.

Subscribed and sworn to before me this 15th day of July, A. D. 1935. (S.) Sidney Smier, Notary Public, Jefferson County, Kentucky. My commission expires July 21, 1938. (Seal.)

[fol. 206] IN UNITED STATES DISTRICT COURT

STIPULATION AS TO DUPLICATE AFFIDAVITS—Filed March 11, 1940

It is hereby stipulated that 112 affidavits were filed in this cause by the defendant-appellee corresponding in all respects to the affidavit of Martha Smith which is printed herein, ante on page 100, which additional affidavits were signed by the following salesgirls:

	Sold Heels	Address of Store	
1 yr.	Julia Casey	Clifford Street	Detroit, Michigan
4 yrs.	Hilda Johnson	Clifford Street	Detroit, Michigan
2 yrs.	Mary Gartner	11634 Dexter Blvd.	Detroit, Michigan
4 yrs.	Hattie McCauley	5892 W .Fort Street	Detroit, Michigan
1 yr.	Rose Shahinian	7348 Grand River	Detroit, Michigan
5 yrs.	Dorothy Christopher	7348 Grand River	Detroit, Michigan
2 yrs.	Helen Novikoff	7354 Grand River	Detroit, Michigan
5 yrs.	Rosemond Williams	9012 Grand River	Detroit, Michigan
6 mo.	Margaret Blair	10786 Grand River	Detroit, Michigan
5 yrs.	Pearl Houghton	10786 Grand River	Detroit, Michigan
1 yr.	Catherine Murbach	21720 Grand River	Detroit, Michigan
1½ yrs.	Lois Block	Gratiot Street	Detroit, Michigan
3 yrs.	Angeline Clavenna	1461 Gratiot Street	Detroit, Michigan
2 yrs.	Mary Jane Fuller	9615 Gratio Street	Detroit, Michigan
1 yr.	Julia Mierzwa	9615 Gratiot Street	Detroit, Michigan
4 mo.	Ruby Hargrove	8021 Harper Street	Detroit, Michigan
7 mo.	Germaine Kehrer	8021 Harper Street	Detroit, Michigan
13 mo.	Betty Gaeschke	8021 Harper Street	Detroit, Michigan
1 yr.	Agnes E. LaTour	11226 E. Jefferson	Detroit, Michigan
2 yrs.	Beatrice E. Bryson	11226 E. Jefferson	Detroit, Michigan
3 yrs.	Bertha Arnett	13040 E. Jefferson	Detroit, Michigan
1 yr.	Eleanore Antoszewksi	9542 Joseph Campau	Detroit, Michigan
4 yrs.	Tillie Gizinska	9542 Joseph Campau	Detroit, Michigan
9 yrs.	Blanche Poplawski	9542 Joseph Campau	Detroit, Michigan
5 yrs.	Marv Temple	15328 Livernois	Detroit, Michigan
5 yrs.	Eileen Burke	15328 Livernois	Detroit, Michigan
1 yr.	Minnie Jacob	15328 Livernois	Detroit, Michigan
2 yrs.	J. LaPaul	9201 Mack Street	Detroit, Michigan
¾ yrs.	Genevieve Rozek	Michigan Avenue	Detroit, Michigan
4 yrs.	Blanche Pearl	8713—12th Street	Detroit, Michigan
5 yrs.	Ruth Creekmur	5656 W. Vernor Highway	Detroit, Michigan
4 yrs.	Nellie Yenulis	7821 W. Vernor Highway	Detroit, Michigan
1½ yrs.	Margaret Nemeth	1201 Woodward Avenue	Detroit, Michigan
1 yr.	Letta Batten	1201 Woodward Avenue	Detroit, Michigan
1 yr.	Louise Simpson	Woodward & Grand Blvd.	Detroit, Michigan
2 yrs.	Ellen Jordan	Woodward & Grand Blvd.	Detroit, Michigan
3 yrs.	Lucy Turk	13933 Woodward Avenue	Highland Park, Michigan
1 yr.	Mistle Bennett		Ann Arbor, Michigan

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	Sold Heels	Address of Store	
8 mo.	Iva Shrake		Ann Arbor, Michigan
5 yrs.	Harriett LaForce	35 W. Michigan Street	Battle Creek, Michigan
7 yrs.	Juanita Willshon	35 E. Michigan Street	Battle Creek, Michigan
1½ yrs.	Marian L. DeLing	59 W. Michigan Street	Battle Creek, Michigan
7 mo.	Mary Prehn	22022 Michigan Street	Dearborn, Michigan
1 yr.	E. E. McConnell	133 W. Michigan Street	Jackson, Michigan
2 mo.	Mary Olivett	Burdick Street	Kalamazoo, Michigan
14 yrs.	Blanche Davidson	1145 S. Washington	Lansing, Michigan
1 yr.	Stella Mazurek	114 S. Washington	Lansing, Michigan
3 yrs.	Frances Ayler	216 S. Washington	Lansing, Michigan
1 yr.	Marguerite Lospinuso	216 S. Washington	Lansing, Michigan
3 yrs.	Edith Frezza	66 No. Saginaw	Pontiac, Michigan
¼ yr.	Frances Giddings	66 No. Saginaw	Pontiac, Michigan
¾ yr.	Dorothy L. Nevenzeel	66 No. Saginaw	Pontiac, Michigan
6 yrs.	Helen Royster	4657 Broadway	Chicago, Illinois
4 yrs.	Justina Frazzini	1335 So. Halstead	Chicago, Illinois
5 yrs.	Anna Lorence	6300 So. Halstead	Chicago, Illinois
1 yr.	Jpne Seena Davison	6300 So. Halstead	Chicago, Illinois
3 mo.	Anna Huska	3141 Lincoln Avenue	Chicago, Illinois
2½ yrs.	Marcyanna Smigiel	1318 Milwaukee	Chicago, Illinois
3 yrs.	Margaret Grison	1034 E. 63rd Street	Chicago, Illinois
1 yr.	Margaret Katherine Nelson	10 S. State	Chicago, Illinois
1 yr.	Etta Hanskat	10 S. State	Chicago, Illinois
8 yrs.	Verena Stoehr	10 S. State	Chicago, Illinois
3 yrs.	Dorothy Martin Spannuth	101 N. College	Bloomington, Indiana
2 yrs.	Doris Hendershott	303 So. Main Street	Elkhart, Indiana
113 yrs.	Alice Hamilton	17 W. Washington	Indianapolis, Indiana
3½ yrs.	Wilmirth Clark	17 W. Washington	Indianapolis, Indiana
2½ yrs.	Clara Marie Wright	302 Pearl Street, Rt. 3	Georgetown, Indiana
1½ yrs.	Nedra Yoke	801 Main Street	Richmond, Indiana
8 yrs.	Mary A. Nemeth	201 So. Michigan	South Bend, Indiana
6 yrs.	Helen M. Moon	201 So. Michigan	South Bend, Indiana
2 mo.	Anna Katherine Self	412 So. 4th Street	Louisville, Kentucky
2 yrs.	Mary Nora Rush	412 So. 4th Street	Louisville, Kentucky
2 yrs.	Frances Blair	624 Nicollet Avenue	Minneapolis, Minnesota
— yr.	Helen Grunke	57 E. 7th Street	St. Paul, Minnesota
1-5/6 yrs.	Josephine Zimmer	57 E. 7th Street	St. Paul, Minnesota
2¾ yrs.	Elva A. Jones	57 E. 7th Street	St. Paul, Minnesota
8 yrs.	Ann Sept		St. Louis, Missouri
2½ yrs.	Catheryn Ehrlich	1556 So. Broadway	St. Louis, Missouri
4 yrs.	Bernice Newport	6108 Easton Street	St. Louis, Missouri
11 yrs.	Margueritte Leesy	522 Washington	St. Louis, Missouri
½ yr.	Audrey Hison	6th & Washington	St. Louis, Missouri
2 yrs.	Isleta F. Gerdes	1125 O Street	Lincoln, Nebraska
6 yrs.	Teresa L. Bourke	1125 O Street	Lincoln, Nebraska
9 yrs.	Katie E. Milholland	1125 O Street	Lincoln, Nebraska
2½ yrs.	Ruth Stieve	245 Main Street	East Orange, New Jersey
6 yrs.	Ruth Boehme	472 Main Street	Buffalo, New York
1 yr.	Emelia Weitzsacker	472 Main Street	Buffalo, New York
1 yr.	Margaret Jahnke	472 Main Street	Buffalo, New York

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7 yrs.	Pauline Rowney	241 State Street	Schenectady, New York
1½ yrs.	Dorothy R. Newman	425 State Street	Schenectady, New York
1½ yrs.	Clara Schermerhorn	425 State Street	Schenectady, New York
4-1/6 yrs.	Florence Koenig	96 Main Street	White Plains, New York
4½ yrs.	Matilda Palletta	96 Main Street	White Plains, New York
4 yrs.	Emma Abeling	402 Euclid Avenue	Cleveland, Ohio
4 yrs.	Bessie Harris	402 Euclid Avenue	Cleveland, Ohio
10 yrs.	Clara Griffith	85 N. High Street	Columbus, Ohio
6 yrs.	Mable Myers	85 S. High Street	Columbus, Ohio

	Sold Heels	Address of Store	
yrs.	Helen Jenkins	85 S. High Street	Columbus, Ohio
mo.	R. E. Dolph	25 Main Street	Springfield, Ohio
yr.	Jean Wylie	25 Main Street	Springfield, Ohio
mo.	Marie Roof	25 Main Street	Springfield, Ohio.
yrs.	Gladys Johnson	(401 Adams Street	Toledo, Ohio
		(9615 Gratiot	Detroit, Michigan
1 yrs.	Mary Richardson	322 Fifth Street	Pittsburgh, Pennsylvania
yrs.	Grace Wojtyna	322 Fifth Street	Pittsburgh, Pennsylvania
yrs.	Alice C. Tickner	322 Fifth Street	Pittsburgh, Pennsylvania
yr.	Ethel K. Bork	6902 Market Street	Upper Darby, Pennsylvania
yrs.	Emma L. Vallone	6902 Market Street	Upper Darby, Pennsylvania
yrs.	Florence Moore	3 S. Main Street	Wilkes Barre, Pennsylvania
wks.	Emma Love	3 S. Main Street	Wilkes Barre, Pennsylvania
yr.	Irene Saunders	1008 Maine Street	Lynchburg, Virginia
yrs.	Mary LePon	324 Main Street	Clarksburg, W. Virginia
yrs.	Helen McFarland	1423 N. 12th Street	Milwaukee, Wisconsin

It is further stipulated that printing of said affidavits in the record would be mere duplication and that such duplication may be dispensed with.

Dated this 11th day of March, A. D. 1940.

(S.) Eugene M. Giles, Thos. S. Donnelly, Attorneys for Plaintiff-Appellant. (S.) Wm. B. Giles, Attorney for Defendant-Appellee.

[fols. 209-212] In United States District Court

Order as to Duplicate Affidavits—Filed March 11, 1940

Upon stipulation of the parties heretofore filed, and it appearing to the Court that a large number of affidavits filed by the defendant are substantial duplicates of each other, in accordance with the stipulation,

It is hereby ordered that a printing of one of the affidavits and a listing of the affiants signing the identical type of affidavit may be resorted to in lieu of printing the large number of duplicate affidavits.

Dated this 11th day of March, A. D. 1940.

(S.) Edward J. Moinet, United States District Judge.

O. K.

(S.) Wm. B. Giles, Atty. for Deft.

In United States District Court

Part of Preliminary Proceedings Held August 10, 1935—Filed March 14, 1940

Proceedings had on the motion of the plaintiff for a temporary injunction before Honorable Arthur J. Tuttle, at Detroit, Michigan, Saturday, August 10, 1935, at two o'clock P. M.

(Argument on behalf of the plaintiff was presented to the Court by Mr. Hanson and on behalf of the defendant by Mr. Smith.)

(Argument on behalf of the defendant by Mr. Giles.)

. . . . . .

[fol. 213] The Court: Here is the way I feel about it now. I am not going to shut off the argument entirely. I will hear you a little more, but as to the round red spot, I do not put much differentiation into the case as to whether that round spot has got some figures in it, or a little wording in it, or what. I could remember away back to the days when I was a boy on the farm, and wore rubber boots and felt boots. I can remember that spot some way got into my head as indicating a good manufacture, a good boot. That is as true as I sit here. I can remember very well, just like I learned a lot of things as a boy. That is the time you are learning, and I remember getting that impression, an I have a feeling that the round red spot has attached some real value to it. I was quite surprised when I started in here to find that here you did get a trade mark for it a good many years ago, I have read that clear through while this hearing has been going on and that seems to be the main thing they got a trade mark for, a round red spot. As I think of it, it has no more use on a boot than that black court plaster that the ladies wear on their cheek. It does not serve any purpose at all, but there it is. It is a red spot on that boot, and I am inclined [fols. 214-218] to think that both from the standpoint of unfair competition and from the standpoint of the trade

mark that a round red spot is the thing. These people have got that round red spot. I have not had the final hearing in the case. I do not know what they will show, but I feel pretty sure that that round red spot on footwear belongs to them.

I do see a little bit of danger of mixing a few of them in in the show case and on the counter in selling them, and I am glad to find that there are not very many of those here. I am inclined, temporarily, to stay the selling of those few. If I stay them from selling, I am not going to do very much harm to Kresge Company. If it turns out that I am wrong, they will have those in a box and they will sell them after I have decided that question. I would not have done them very much harm.

I am inclined to restrain them from buying any more of the orange until I can hear it; or, any color, any of these that are round and have the red shades. The trade mark was pretty careful to take care of that. They covered a variety of shades, of real light or real dark. Orange may, in the dictionary, be a different color from red, but I think that trademark fairly tried to cover that, red, reddish, and those colors that have those shades in them.

I am not inclined to stop them from selling those orange ones now. I do not believe that they are so bad. On a temporary injunction, you ought to weigh the thing. I would stop you, I think from buying any more, but let you sell all your colors except those round red ones; but do not buy any more that have even the shade of red, which would include the orange. That is what I am inclined to do on a temporary injunction today. You cannot do full justice in a temporary injunction, but I do not believe anybody is going to be badly hurt by operating under that. I do not see how Kresge would be, and if they cannot buy any more orange or any more of any red color, you are soon going to get out of them, and I will stop them entirely from selling those that are really red. The only mixing that there can possibly be will be those few so-called orange ones that they have on hand, along with those others, until they get them cleaned out.

* * * * * * *

[fol. 219] IN UNITED STATES DISTRICT COURT

ORDER FOR PRELIMINARY INJUNCTION—Filed August 10, 1935

At a session of said Court, held in the Federal Building, in the City of Detroit, in said District, this 10th day of August, 1935.

Present: Honorable Arthur J. Tuttle, District Judge.

This cause having come on to be heard at this term on the motion of plaintiff for a preliminary injunction supported by the affidavits and exhibits filed in behalf of the plaintiff, the affidavits and exhibits of the defendant, the arguments of counsel for both parties and the Court being fully apprised in the premises, it is

Ordered, Adjudged and Decreed by the Court as follows:

1. That the defendant be and it hereby is, beginning August 19, 1935, restrained and enjoined until the further [fols. 220-222] order of this Court from purchasing footwear or any parts thereof carrying as a distinctive mark a circular figure of red color, or any shade thereof including orange, and from the selling or disposing of footwear, or any parts thereof, carrying as a distinctive mark a circular figure of red color, or any shade thereof not including orange and that upon the posting with the Clerk of this Court of a bond in the sum of Five Thousand ($5,000.00) Dollars, conditioned upon indemnifying defendant against the improvident issuance of the preliminary injunction, a writ of injunction effective beginning August 19, 1935 and continuing until the further order of this Court, be issued out of and under the seal of this Court by the Clerk directed to and against the defendant herein, its officers, agents, servants, employees, solicitors and representatives of every kind and grade restraining and enjoining them and each of them in accordance with the terms of this order.

2. That plaintiff's motion for a preliminary injunction to enjoin defendant from the sale of rubber heels having a surface ornamentation in colors other than those mentioned in paragraph 1 hereof, be and the same hereby is denied.

Arthur J. Tuttle, United States District Judge. Approved as to form and substance: Thos. S. Donnelly Solicitor for Plaintiff. Lawson & Giles, Dike, Calver & Gray, Solicitors for Defendant.

[fol. 223] IN UNITED STATES DISTRICT COURT

STIPULATION AS TO EVIDENCE—Filed April 4, 1938

It is hereby stipulated by and between counsel for the parties to the above entitled cause, the Honorable Court consenting thereto, that this cause be submitted for final hearing on the pleadings, the interrogatories and answers, the affidavits presented upon the motion for preliminary injunction, the exhibits submitted with and referred to in the interrogatories and answers and the exhibits submitted with and referred to in the affidavits presented upon the motion for preliminary injunction and that such pleadings, interrogatories and answers, and affidavits and exhibits be made the record, testimony and evidence on final hearing.

(S.) Eugene M. Giles, Counsel for Plaintiff. Chicago, Illinois, February 19, 1936. (S.) Wm. B. Giles, Counsel for Defendant. Detroit, Michigan, May 7, 1936.

[fol. 224] IN UNITED STATES DISTRICT COURT

ORDER APPROVING STIPULATION OF FACTS—Filed April 4, 1938

It appearing to the Court that counsel for both parties in the above entitled case have stipulated that this cause be submitted for final hearing on the pleadings, the interrogatories and answers, the affidavits presented upon motion for preliminary injunction, the exhibits submitted with and referred to in the interrogatories and answers and the exhibits submitted with and referred to in the affidavits presented upon the motion for preliminary injunction and that such pleadings, interrogatories and answers, and affidavits and exhibits be made the record testimony and evidence on final hearing.

It is hereby ordered and directed that the said stipulation be, and the same is hereby, approved.

(S.) Arthur F. Lederle, United States District Judge. Dated April 4, 1938.

IN UNITED STATES DISTRICT COURT

OBJECTIONS TO ADMISSIBILITY IN EVIDENCE OF PORTIONS OF AFFIDAVITS FILED IN PLAINTIFF'S BEHALF—Filed April 20, 1938

Comes now the defendant above named, S. S. Kresge Company, by its attorneys, Lawson & Giles, pursuant to the right reserved in open Court on April 4th, 1938, and makes objections to the admissibility in evidence of certain portions of the affidavits filed by and in behalf of plaintiff, as follows:

I

It objects to the admissibility in evidence of the latter half of paragraph one of page two of the affidavit of Austin [fol. 225] Bryan and for the reason that the same is hearsay.

II

It objects to the admissibility in evidence of the last paragraph on page two of the affidavit of John L. Duncan for the reason that it is hearsay, consists of an opinion and conclusion evidence and for the further reason that there is no showing that the clerk in question was authorized to speak for the defendant.

III

It objects to the admissibility in evidence of the following portions of the affidavit of Earle J. W. Fink, dated June 13th, 1935:

(a) To the last paragraph on page eight for the reason that it is an opinion and a conjectural conclusion and argumentative.

(b) It enters the same objection to both paragraphs on page ten and to the balance of the second paragraph which is concluded at the beginning of page eleven.

(c) It objects to both paragraphs on page nineteen and the first paragraph on page twenty because the same is immaterial, argumentative and the actions of others or of

other trial courts of equal jurisdiction in other cases form no binding precedent upon this court in this case.

(d) It enters the same objection to page twenty-three and twenty-four and the first paragraph on page twenty-five and further objects that the actions of the Essex Rubber Company in no way can be material or bind this defendant in this proceeding.

(e) It objects to page twenty-six for the reason that the opposition proceedings were with some other party, not the party defendant and cannot bind it.

(f) It objects to the second paragraph on page thirty-one for the reason that it consists of hearsay and a conclusion.

[fol. 226] (g) It objects to the last paragraph on page thirty-three for the reason that correspondence with and from H. S. Maddock, Receiver, in no way is binding upon the defendant.

(h) It makes the same objection to the last paragraph on page thirty-four.

(i) It objects to the last paragraph beginning on page thirty-eight and remainder thereof on page thirty-nine for the reason that the same is hearsay and consists of a conjectural conclusion.

IV

It objects to the first paragraph on page three of the affidavit of Leo L. Harper for the reason that the same is hearsay; the statements of the clerk are not binding upon this party defendant.

V

It objects to the latter part of the first paragraph on page two of the affidavit of Kenneth L. Keene for the reason that the same consists of hearsay and a conclusion.

VI

It objects to the first paragraph on page four of the affidavit of William G. Klein, Sr. for the reason that the same consists of hearsay and that the statements of the clerk are inadmissible because hearsay, are unauthorized and not binding on this defendant.

VII

It objects to the admissibility in evidence of the last paragraph on page one of the affidavit of Earle J. W. Fink dated July 12, 1935, and the material referred to therein and of the opposition and compliance by others and the actions and decisions of the Patent Office for the reason that the same is immaterial, not binding on this defendant and not a binding precedent in this case.

(S.) Lawson & Giles, Attorneys for Defendant. 2433 Barlum Tower, Detroit, Michigan. Ra. 1710. Dated: Detroit, Michigan, April 11, A. D. 1938.

[fols. 227-236] In United States District Court

Proceedings Held April 20, 1938

* * * * * * *

[fol. 237] Mr. Giles: It objects to the last paragraph beginning on page 38 and remainder thereof on page 39 for the reason that the same is hearsay and consists of conjectural conclusions.

[fols. 238-249] The Court: The Court will take judicial notice of part of that last paragraph on page 38.

Mr. Giles: Yes. That isn't the part that I meant.

He says that "he believed that the acts have been and are causing a very great amount of damage to plaintiff and he believed that * * *" and so forth.

The Court: Well, I think that is admissible to show the state of mind, if you want to call it that, of the plaintiff, and to that I think that there is no particular objection, the statement—which we know—that as of March 19, 1935, when this Court was running short-handed, it would be a long time before the case would be reached.

Mr. Giles: Oh, no.

The Court: And, of course, that conjecture was pretty well taken.

Mr. Giles: Yes. Now, the feature I object to is: "believed that the plaintiff is accruing a very great amount of damage". Now, as proof of damage, of course, that is obviously an admission.

The Court: Yes; I will agree with you.

Mr. Donnelly: That statement, your Honor, was merely for a——

The Court (Interposing): It will not be governed as damages to the plaintiff.

Mr. Giles: Yes.

The Court: All right.

Mr. Giles: That concludes my objections to Fink's affidavit.

The Court: All right.

* * * * * * *

[fol. 250] IN UNITED STATES DISTRICT COURT

Court's Findings of Fact and Conclusions of Law—Filed December 6, 1938

The facts involved herein are not in serious dispute, and the proof consisted of numerous affidavits which, by stipulation, were made part of the record plus other documentary evidence which was likewise admitted upon stipulation. Voluminous briefs were filed on behalf of both parties and the oral arguments were exceptionally well prepared. As I view the controversy, however, the material facts are relatively simple and may be stated as follows:

FINDINGS OF FACT

1. Plaintiff is a corporation duly organized and existing under the laws of the state of Indiana having its principal place of business at Mishawaka, Indiana; and the defendant is a corporation duly organized and existing under the laws of the state of Michigan having its principal place of business at Detroit, Michigan. The amount in controversy exclusive of interest and costs exceeds the sum or value of $3,000.

2. The plaintiff corporation for many years has been engaged in the manufacture, sale and distribution of footwear of various kinds and for more than 35 years has been making rubber heels for use on its boots and shoes and applying its trade-mark or trade-marks directly to said rubber heels. These trade-marks in many cases also ap-

peared elsewhere on the boots and shoes and on packages containing the same and have become well known to the public.

3. Continuously since on or about 1898 the plaintiff has used a trade-mark for its goods consisting of a circular figure or ball colored red and applied directly to the tread face of the plaintiff's rubber heels at approximately the center thereof. This trade-mark was registered in 1901 and its registration has been renewed and all rights to said trade-mark are still owned by the plaintiff.

4. Since about 1917 plaintiff has so embedded a circular plug of red color in the rubber heels marketed by it that [fol. 251] as the heel wore the plug with its contrasting colors would continue to show. In this way the trade-mark lasted as long as the heel in which it was embedded and served to identify the plaintiff's products not only when they were first manufactured and sold but throughout the entire life of the heel.

5. In combination with the red circular ball figure, the plaintiff also used other trade-marks consisting generally of the words "Ball Brand" which trade-mark was also registered in the United States Patent Office. These marks were used together in various ways, but sometimes only the red circular ball figure was used.

6. Plaintiff has spent and is continuing to spend large sums of money in advertising and in prominently displaying this red circular figure as an identifying mark of origin. This has caused the trade to associate this trade-mark with the plaintiff's products.

7. Plaintiff has not sold rubber heels bearing this trade-mark in the American market except as such heels were attached to the footwear which it manufactured and sold.

8. The defendant, the S. S. Kresge Company, has a large number of stores and has sold at retail rubber heels and rubber heel lifts purchased from the Essex Rubber, the O'Sullivan Rubber Company, and the Boston Woven-Hose & Rubber Company. These heels are prominently displayed by the defendant on counters in its stores and although sold under other trade names the trade-mark is so applied that the most prominent part is a circular plug of red or

reddish color so closely resembling that of the plaintiff that it is difficult to distinguish the products sold by the defendant from the plaintiff's products.

9. The ordinary purchaser, having become familiar with the plaintiff's trade-mark, would naturally be led to believe that the heels marketed by the defendant were the product of the plaintiff company.

10. Upon discovery by the plaintiff of the defendant's sale of the above-described type heels and heel lifts, the plaintiff notified the defendant of its trade-mark of the red circular ball figure and thereafter defendant stopped giving orders to its supply company for heels and heel lifts bearing a red circular figure, but did order for its counters heels bearing circular figures in orange, green, tan, yellow, and also figures with a square or diamond shaped plug in [fol. 252] yellow, tan, and other colors. Defendant mixed these heels indiscriminately on its counters with the heels it had remaining in stock with the red circular figure.

11. The heels sold by the defendant were of inferior quality as compared to the heels manufactured and sold by the plaintiff and attached to their product and this tended to destroy the good will created by the plaintiff in the manufacture of its superior product. Likewise, when one of the defendant's heels was attached to footwear not manufactured by the plaintiff it would tend to cause purchasers to believe that the entire article of footwear was manufactured by the plaintiff.

12. The markings on the products marketed by the defendant are an infringement of plaintiff's trade-mark and the methods used in the sale of defendant's products constituted unfair competition.

Conclusions of Law

1. This is a suit in equity arising under the trade-mark laws of the United States for the infringement of a trade-mark registered in the United States Patent Office and for unfair competition. The parties hereto are citizens of different states. The matter in controversy exceeds, exclusive of interest and costs, the sum or value of $3,000.

2. Color may constitute a valid trademark provided it is impressed in a particular design such as a circle, square, triangle, cross, or star.

Hygienic Products Co. v. Coe, 85 Fed. Sec. 264.

Leschen & Sons' Rope Co. v. Broderick & Bascom Rope Co., 201 U. S. 166.

Diamond Match Co. v. The Saginaw Match Co., 142 Fed. 728.

3. The fact that the Patent Office permitted the registration of the trademark was a very definite presumption both of the ownership of the trademark and of the validity thereof.

Alfred Schneier Co. Inc. v. Bramson, 16 Fed. Supp. 494.

Chapin-Sacks Mfg. Co. v. The Hendler Creamery Co., 254 Fed. 553.

[fols. 253-284] 4. When a mark through its use over a long period of time acquires a secondary meaning so as to be recognized by the purchasing public as indicating the source or origin of the goods with which used it is entitled to protection under the doctrine of unfair com-

Barton v. The Rex Oil Co. Inc., 29 Fed. Sec. 474.

H. E. Winterton Co. v. Auto Sales Gum Co., 211 Fed. 612.

Ohio Baking Co. v. National Biscuit Co., 127 Fed. 116.

W. G. Reardon Laboratories v. B. & B. Exterminators, 71 Fed. Sec. 515.

5. The defendant is guilty of infringing plaintiff's trademark and is guilty of unfair competition and such trademark infringement and unfair competition continued after direct notice to the defendant. A decree may be entered enjoining the defendant from the use of any red or reddish circular ball figure in rubber heels sold by it and providing for an accounting for profits unlawfully derived from the violation of the plaintiff's right.

petition.

(Signed) Arthur F. Lederle, District Judge.

[fol. 285] IN UNITED STATES DISTRICT COURT

COURT'S AMENDED FINDINGS OF FACT AND CONCLUSIONS OF LAW—Filed October 5, 1939

Findings of fact and conclusions of law were filed by this court on December 6, 1938. Subsequently motions to amend these findings were filed by both the plaintiff and the defendant. At the hearing in open court counsel for both parties were given an opportunity to state their objections to the opposing party's requests. On June 26, 1939, the matter was adjourned at the request of counsel for both parties to permit them to file briefs in support of their motions and objections. Very well prepared and extensive briefs were filed by both sides.

[fols. 286-287] I

Plaintiff's request to amend line 3, paragraph 5, from "Ball Brand" to "Ball Band", and line 3, paragraph 8, from "Essex Rubber" to "Essex Rubber Company", and line 4 of said paragraph from "Ribber" to "Rubber" are merely typographical, and the defendant having consented thereto, these amendments may be allowed.

* * * * * * *

[fols. 288-289] III

If the remaining requests of the plaintiff were granted, it would amount to giving the plaintiff a trade mark monopoly for all colors contained in a circular ball-like figure. I am still of the opinion that the plaintiff is not entitled to this finding, and these requests are denied.

* * * * * * *

[fols. 290-297] V

The remaining requests for amendments filed by the defendant become immaterial if the plaintiff's claim is limited to red or reddish colors, and are therefore disallowed.

CONCLUSIONS OF LAW

1. These amendments will not change the conclusions of law heretofore filed by this court and the request of plaintiff for amended conclusions of law is denied.

(S.) Arthur F. Lederle, United States District Judge.

* * * * * * * *

[fol. 298] IN UNITED STATES DISTRICT COURT

PROCEEDINGS HELD NOVEMBER 27, 1939—Filed March 14, 1940

Proceedings had and taken in the above-entitled matter before the Honorable Arthur F. Lederle, District Judge, at Detroit, Michigan, on Monday, November 27, 1939, at two o'clock p. m.

The Court: Mishawaka Rubber and Woolen Manufacturing Company v. S. S. Kreske Company.

Mr. Donnelly: Your Honor, since the last session we had this motion for amendment of the amended findings of fact, counsel for both parties have gotten together and we have agreed on the wording of the findings of fact in certain sections which were embraced in the motion to amend; and, as far as this motion, therefore, before the Court is concerned, there seems to be no controversy between either party.

The Court: All right. Do you have a proposed order there?

(A document was thereupon presented to the Court.)

The Court: I will sign it and you may be on your way.

Mr. Donnelly: We have agreed on the wording of these findings, your Honor. We don't want the record to show we are acquiescing in them, or waiving any objections to them.

The Court: Yes, that is the way I understood it.

* * * * * * * *

[fol. 299] IN UNITED STATES DISTRICT COURT

Court's Additional Amended Findings of Fact and Conclusions of Law—Filed November 27, 1939

FINDINGS OF FACT

This cause coming on to be heard upon a motion by the Plaintiff for an Amendment of the Amended Findings of Fact and Conclusions of Law, heretofore filed in this cause, and the Court having been duly apprised in the premises at a hearing in open court on the 20th day of November, 1939, and counsel for both parties having been heard, it is hereby ordered, directed and decreed that:

1. Section II of the Amended Findings of Fact beginning on page 2 thereof, is changed to read, as follows:

(6) That there be adopted and filed the following findings of fact, to-wit:

(a) Upon discovery by the Plaintiff of the Defendant's sale of the above described type of heels, bearing the red circular mark, the Plaintiff, under date of May 9, 1933, notified the Defendant of infringement, and that the Defendant under date of May 19, 1933, replied to said notification of infringement and informed the Plaintiff of its willingness to request its manufacture to use some other color unlike red, which statement was adopted by the Plaintiff.

(b) That the Defendant notified the Essex Rubber Company, its source of supply of such heels, on or about May 19, 1933, to discontinue manufacture and shipments of heels with a red circular mark; that the Essex Rubber Company, from about June 6, 1933, until June 29, 1934, manufactured and supplied to the Defendant rubber heels bearing a circular orange colored mark; and that the Defendant during this period of time from May, 1933 until this latter part of June, 1934, continued to sell heels bearing red circular marks and also heels bearing orange circular marks, which sometimes became indiscriminately mixed together in the same bins and on the same counters.

[fol. 300] (c) That the Plaintiff replied upon the letter of the Defendant, dated May, 1933, to cease infringement of its trade mark and did not learn of the continued use

by the Defendant of the red circular mark until the early part of 1934.

(d) That the Plaintiff again notified the Defendant of infringement under date of February 15, 1934 and June 14, 1934 the Plaintiff proceeded to make an investigation of types of heels sold in the Defendant's stores and again, under date of June 14, 1934, called the matter of infringement to the attention of the Defendant, at which time the Defendant replied that the Essex Rubber Company was undoubtedly using up its old stock of heels bearing the red circular mark.

(e) That, under date of June 29, 1934, the Defendant, by letter, notified the Essex Rubber Company to discontinue the delivery of all kinds of heels to the Defendant until the Essex Rubber Company straightened out its difficulty with the Mishawaka Company.

(f) That such heels so delivered to the Defendant by the Essex Rubber Company and sold by the Defendant, in addition to the red or orange circular mark bore the trade-mark "Crusader", and embossed on the outer face of the circular mark was a Crusader's head or a head in armor and the heel bore the name S. S. Kresge Company in embossed rubber.

(g) That, during the period from July 1 to September 1, 1934, the Essex Rubber Company was engaged in changing its molds and thereafter supplied to this defendant heels bearing a mark consisting of an indented diamond shape insert having a Crusader's head embossed thereon, the insert being of a color contrasting to the body of the heels and such heels bearing the trade-mark "Crusader", the heel bearing the name S. S. Kresge in embossed rubber.

(h) That, from July 1, 1934 to December 1, 1934, the Defendant purchased from the O'Sullivan Rubber Company, Inc., heels having on the tread surface a circular Indian head in the color red and bearing the trade-mark "Sure-Foot"; that such heels bearing the trade mark "Sure-[fol. 301] Foot" with the red Indian head embossed on the tread surface thereof were sold by the Defendant from July, 1934 until the bringing of this action; that some of such heels bore on the tread surface in embossed rubber the word 'Gettysburg, Pa.'

(i) That such heels bearing the red Indian head embossed thereon were in some stores sold from bins and counters on which were displayed and from which were sold heels having the orange "Crusader" mark.

(j) That, about December 1, 1934, the Defendant requested the O'Sullivan Rubber Company to change the color of the Indian head mark from red to green and thereafter sold heels bearing the green circular Indian head mark from the same bins and from the same counters in which and on which were displayed and offered for sale heels bearing the orange circular mark of the "Crusader" type and the red circular mark of the Indian head type and the indented diamond shaped "Crusader" head type.

(k) That, subsequently, to notice by the plaintiff, the defendant in addition to displaying and selling heels bearing a red circular mark, also displayed and sold heels bearing circular figures in orange, green, yellowish tan, and also figures with a square or diamond shape block in yellow and these heels were displayed on the defendant's counters and sometimes became indiscriminately mixed with heels bearing a red circular mark.

2. That Section IV of the Amended Findings of Fact, beginning on pages 6, be changed to read, as follows:

The following findings of fact requested by the Defendant are allowed, to-wit:

(a) There is no direct testimony that the Defendant, S. S. Kresge Company, its agents and employees, did and there is testimony that they did not attempt to palm off in any instance its heels as the heels manufactured by the plaintiff company.

(b) I find that there is no proof that any purchases of heels from the defendant, S. S. Kresge Company, was [fol. 302] motivated by a belief on the part of the purchaser that he was getting plaintiff's product but there is reasonable likelihood that some may have.

(c) There is no direct proof that the plaintiff, Mishawaka Rubber Company has lost sales as the result of purchases made from the defendant, S. S. Kresge Company, of either the Crusader heel or the Sure-Foot heel with the trade-mark in the color red.

(d) That the replacement heels offered for sale by the defendant, S. S. Kresge Company, when placed by them upon their counters were never indiscriminately displayed together but were customarily and usually arranged in such a manner as to display a variety of the colored inserts to the prospective purchaser and without emphasizing any colored insert over any other colored insert, and in each instance segregating and massing particular colors together in order to provide an attractive display of the articles but there is proof that subsequently some of these heels became indiscriminately mixed.

(e) That nearly all of the rubber heels which were on display in the S. S. Kresge Company stores covered by plaintiff's affidavits have borne in addition to the colored marks identifying trade marks, symbols or other indicia which further indicates that the heels being offered for sale by the S. S. Kresge Company were not the heels manufactured by the plaintiff.

(f) That paragraph four of the Findings of Fact be supplemented by this additional paragraph:

The proofs indicate, however, that the use of an embedded circular plug of contrasting color in a rubber heel had been previously used by a manufacturer of replacement heels as early as the year 1905.

(g) To delete from line 4 of paragraph 8 on page 3 the following words—'and the Boston Woven Hose & Rubber Company'—or in lieu thereto to make the following findings:

[fols. 303-312] That none of the heels supplied by the Boston Woven Hose & Rubber Company with a circular trade mark centrally located thereon used a red or reddish color and therefore did not infringe upon plaintiff's trade mark.

(h) To add to paragraph 9 of page 3, the following:

There is, however, in the record no direct proof of any ordinary purchaser being misled into believing that heels marketed by the defendant were products of the plaintiff company.

(j) That the round red ball registered by plaintiff as its trade mark simulates the Japanese flag and is identical to the round red ball or 'rising sun' portion thereof.

(j) To supplement paragraph V of the Findings of Fact on page 2 by the following additional paragraph:

However, the red circular ball figure is never used alone on rubber heels of plaintiff; said rubber heels, like those illustrated on the back cover page of plaintiff's Exhibit No. 10 and on page 39 of said Exhibit, bore, in addition to the red circular trade mark the words 'First Quality Ball Band' over the red circular mark, and the words 'Trade-Mark, Rubbers, Mishawaka, Ind.' Under the red circular mark.

Arthur F. Lederle, United States District Judge.

Approved as to form:

Wm. B. Giles, Attorney for Defendant. Thos. S. Donnelly, Attorney for Plaintiff.

Dated this 27th day of November, 1939.

* * * * * * *

[fols. 313-321] In United States District Court

Affidavit Accompanying Defendant's Motion to Settle Decree—Filed December 13, 1939

State of Michigan,
County of Wayne, ss:

William B. Giles, first being duly sworn, deposes and says upon oath that he is the attorney for the defendant in the above entitled cause in charge of litigation;

That by letters dated February 18, 1937, March 8, 1937, April 7, 1937, all to Eugene M. Giles, and by letter of March 21, 1938, to Thomas S. Donnelly, defendant offered to consent to a permanent injunction in accordance with the terms in the preliminary order of August, 1935, which included permanent injunction restraining defendants from the sale of rubber heels with a circular red, reddish or orange mark thereon;

That the said offer of compromise was declined.

Further, deponent sayeth not.

(S.) Wm. B. Giles.

Subscribed and sworn to before me this 12th day of December, 1939.

(S.) Juanita Elkington, Notary Public, Wayne County, Michigan.

My commission expires, Sept. 5, 1943.

* * * * * * *

[fol. 322] IN UNITED STATES DISTRICT COURT

COURT'S DECREE—Filed December 29, 1939

Findings of Fact and Conclusions of Law and Amended Findings of Fact having been filed by the Court.

Now, Therefore, in consideration of the premises,

It Is Ordered, Adjudged and Decreed that the defendant, S. S. Kresge Company, a Michigan corporation, its officers, attorneys, agents, servants and employees, and each and all of them, be and they are hereby restrained and enjoined from:

A—Selling or offering for sale or aiding and abetting others, either directly or indirectly, in selling or offering for sale rubber heels bearing the ornamental dress of the [fols. 323-329] Heels of plaintiff herein, as exhibited to this Court, consisting of any red or reddish circular ball figure appearing on the face portion of the heel, or any imitation thereof so nearly resembling the ornamental dress of the heels of plaintiff as to be calculated to deceive the ordinary purchaser as to the source of such goods.

It Is Further Order-, Adjudged and Decreed that the defendant account to the plaintiff for profits unlawfully derived from those sales made by the defendant after May 19th, 1933, of rubber heels bearing a red or reddish circular mark indented upon the face portion thereof to purchasers who were induced to buy because they believed the heels to be those of plaintiff and which sales plaintiff would otherwise have made.

It Is Further Ordered, Adjudged and Decreed that costs properly taxable be allowed to plaintiff for proceedings prior to April 7th, 1937, and that for proceedings thereafter costs be taxed against the plaintiff in favor of the defendant.

Dated this 29th day of December, A. D. 1939.

(S.) Arthur F. Lederle, United States District Judge.

• • • • • • •

[fols. 330-338] IN UNITED STATES DISTRICT COURT

ORDER AMENDING DECREE

It is hereby Ordered that the decree entered herein on December 29, 1939, be, and it is hereby amended by striking therefrom the last paragraph.

It is further Ordered that the matter of costs await the disposition of the accounting herein.

(S.) Arthur F. Lederle, District Judge.

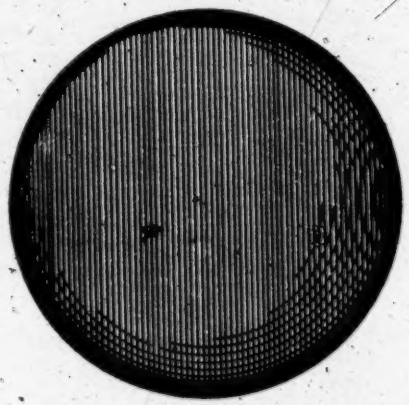
TRADE-MARK.

No. 36,471. Registered May 28, 1901.

MISHAWAKA WOOLEN MANUFACTURING CO.

CERTAIN NAMED BOOTS, SOCKS, RUBBER GOODS, WOOL GOODS, AND CLOTHING.

(Application filed Apr. 9, 1900.)



Renewed to
Mishawaka Rubber and Woolen Manufacturing Company. a corporation of Indiana. by change of name.

UNITED STATES PATENT OFFICE.

MISHAWAKA WOOLEN MANUFACTURING CO., OF MISHAWAKA, INDIANA.

TRADE-MARK FOR CERTAIN NAMED BOOTS, SOCKS, RUBBER GOODS, WOOL GOODS, AND CLOTHING.

STATEMENT and DECLARATION of Trade-Mark No. 36,471, registered May 28, 1901.

Application filed April 9, 1898.

STATEMENT.

To all whom it may concern:

Be it known that the MISHAWAKA WOOLEN MANUFACTURING CO., a corporation duly organized under and existing by virtue of the laws of the State of Indiana, and engaged in business with its principal office and business location at Mishawaka, in the county of St. Joseph, in said State, has adopted for its use a Trade-Mark for Wool Boots, (both Knit and Felt,) Lumbermen's Socks, Rubber Boots and Shoes, and for Boots Formed Partially of Rubber and Partially of Wool, as well as for Robes, Blankets, and Clothing Made of either Wool, Cotton, or Rubber or of either Wool or Cotton Combined with Rubber, of which trade-mark the following is a full, clear, and exact statement or specification.

Said trade-mark consists of the arbitrarily-selected representation of a circular figure or ball colored red. While thus referring to the use of red color in connection with said representation of a circular figure or ball, this has been done with the understanding that the color thus indicated is of such scope as not to be confined to any special shade of red, but includes the darker as well as the lighter shades of said color, which shades when accurately described are known by other names—of red warp on a web used for such straps, having a ground of dark color. When applied to rubber boots and shoes and to combination boots formed partially of rubber and partially of wool, such trade-mark is usually stamped on the bottom of the heel portion thereof in red color, either by the direct application of such color to the rubber surface of the heel or by having such color on a separate circular surface, which is secured to the sole of the heel by adhesion. When thus applied to the heel of a rubber boot or shoe, it is usual to cast upon or into such heel a circle within which appears said colored representation of a ball or circular figure.

It is also the custom of said company to have said trade-mark appear on the front of the legs of the rubber boots of its manufacture, including the combination boots formed of rubber and wool, the same being usually located near the top and preferably in front.

When said trade-mark is employed with robes, blankets, and clothing made either entirely of wool, cotton, or rubber or of a combination of wool, cotton, or rubber, it is usually applied to the inside of the neckband of said robes or other clothing by weaving by the employment of red warp with webbing of dark color, while it is likewise applied to

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In the facsimile filed herewith is shown said trade-mark as used when applied to the straps of wool boots of said company's manufacture, but of enlarged proportions. While such facsimile is in india-ink, it is, as stated, the preference of said company to employ red color for such representation of a circular figure or ball.

When said trade-mark is applied to wool boots of said company's manufacture, it is usual to have the same appear on one or both of the straps of such boots, the application thereto being by weaving, by the employment of red warp on a web used for such straps, having a ground of dark color. When applied to rubber boots and shoes and to combination boots formed partially of rubber and partially of wool, such trade-mark is usually stamped on the bottom of the heel portion thereof in red color, either by the direct application of such color to the rubber surface of the heel or by having such color on a separate circular surface, which is secured to the sole of the heel by adhesion. When thus applied to the heel of a rubber boot or shoe, it is usual to cast upon or into such heel a circle within which appears said colored representation of a ball or circular figure.

It is also the custom of said company to have said trade-mark appear on the front of the legs of the rubber boots of its manufacture, including the combination boots formed of rubber and wool, the same being usually located near the top and preferably in front.

When said trade-mark is employed with robes, blankets, and clothing made either entirely of wool, cotton, or rubber or of a combination of wool, cotton, or rubber, it is usually applied to the inside of the neckband of said robes or other clothing by weaving by the employment of red warp with webbing of dark color, while it is likewise applied to blankets by weaving by the use of red warp. The particular method of applying said trade-mark, consisting of the representation of a ball or circular figure, as well as the location where applied, may be varied, as the essential and paramount feature of such trade-mark consists of the arbitrarily-selected representation of a circular figure or ball colored red. The purpose sought is to employ a color sufficiently distinctive to produce an impression upon the eye which will be retained by the memory.

Said company frequently associates said trade-mark with the word-symbol or compound word "Ball-Band," which word is used as an additional distinguishing mark or brand for its goods and constitutes a separate trade-mark, which may be used alone or in connection with said trade-mark consisting of the representation of a circular figure or ball, as may be desired or preferred. It does not,

however, in any way or to any extent wish to limit or abridge any rights for which it may now be entitled to protection arising from any of the added features which have been by it associated with said trade-mark, consisting of the representation of a circular figure or ball colored red, and which have become known to its trade in connection therewith. Said trade-mark word as employed by it is also printed upon labels, bill-heads, letter-heads, and in other advertisements for use in connection with its trade, which labels and advertisements contain in addition the name of said company, the place of manufacture, and other advertising and descriptive matter pertaining to such manufacture.

The class of merchandise to which said trade-mark is applied is boots, socks, rubber goods, wool goods, cotton goods and clothing, and the particular description of the goods comprised in such class upon which said trade-mark is used is wool boots, lumbermen's socks, rubber boots and shoes, combination boots formed of rubber and wool, and robes, blankets, and clothing, made either of wool or cotton, or rubber, or by the combination of wool or cotton and rubber.

While it is the method and practice of said company to apply said trade-mark as hereinbefore mentioned, the same may be otherwise employed by being stenciled, stamped, branded, or painted on the boxes containing the goods of its manufacture, or may be otherwise affixed to said goods or packages thereof, or may be used in any other manner or way calculated to designate such goods as being of its manufacture and to cause the same to be known to the trade and the public by the employment of said trade-mark, or the same may be otherwise used to guard against fraudulent imitations or deceptions.

Said company intends to use said trade-mark in every lawful manner at will, as may be deemed expedient.

This trade-mark was first adopted on or about the 15th day of October, 1891, and has been continuously used by this corporation since said date for the purposes aforesaid.

Dated March 28, 1898.

MISHAWAKA WOOLEN MANUFACTURING CO.,
By MARTIN V. BEIGER,
President.

Witnesses:
J. M. REESE, Jr.,
CLARENCE E. MCCOLLUM.

DECLARATION.

State of Indiana, county of St. Joseph, ss:

MARTIN V. BEIGER, being duly sworn, deposes and says: that he is president of the corporation named in the foregoing statement; that he verily believes that the foregoing statement is true; that said corporation has at this time a right to the use of the trade-mark therein described; that no other person, firm or corporation has the right to such use either, in the identical form or in any other such near resemblance thereto as might be calculated to deceive; that it is used by said corporation in commerce between the United States and foreign nations or Indian tribes, and particularly with the Dominion of Canada; that the description and facsimile presented for record truly represent the trade-mark sought to be registered, and that he and the other officers, directors and stockholders of said corporation are citizens of the United States.

MARTIN V. BEIGER.

Subscribed and sworn to before me this 28th day of March, A. D. 1898.

[L. S.] EVERETT G. EBERHART,
Notary Public.

[fol. 339] PLAINTIFF'S EXHIBIT No. 21

Abstract of Title of Plaintiff's Registration No. 36,471

(Mishawaka vs. Kresge)

386

United States Department of Commerce, Patent Office

To all persons to whom these presents shall come, Greeting:

This is to certify, That the annexed is a true copy from the Digest of this Office of all Assignments, Agreements, Licenses, Powers of Attorney, and other instruments of writing, found of record up to and including April 8, 1935 that may affect Trade Mark registered by Mishawaka Woolen Manufacturing Co., Mishawaka, Ind.

Trade-Mark No. 36,471 registered May 28, 1901.
(Renewed May 28, 1931 to Mishawaka Rubber and Woolen Manufacturing Company, Mishawaka, Ind., a Corporation of Indiana, by change of name).

Searched from February 14, 1893.
Instrument dated Jan. 9, 1923.
Recorded Feb. 11, 1924. Liber F-121. Page 126.

Secretary of State
Indiana,

Change of Name of
Mishawaka Woolen Manufacturing
Company,
to
Mishawaka Rubber and Woolen
Manufacturing Company.

No Inventions, Letters Patent or Trade-Marks mentioned.

Certified copy of Transcript of Decree of Court filed September 18, 1923 in the office of said Secretary, changing the name of Mishawaka Woolen Manufacturing Company to Mishawaka Rubber and Woolen Manufacturing Company.

In testimony whereof, I have hereunto set my hand and caused the seal of the Patent Office to be affixed, at the [fols. 340-361] City of Washington, this twentieth day of

April, in the year of our Lord one thousand nine hundred and thirty-five and of the Independence of the United States of America the one hundred and fifty-ninth.

(Signed) Conway P. Coe, Commissioner of Patents.
(Seal.)

Attest:

(Signed) Harry C. Spielman, Acting Chief of Division L.

PLAINTIFF'S EXHIBIT No. 22

Certified Copy of Plaintiff's Articles of Association and Amendment Changing Its Name

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[fol. 362] PLAINTIFF'S EXHIBIT No. 127

Plaintiff's 1933 Correspondence with Defendant

(Mishawaka v. Kresge)

Mishawaka Rubber & Woolen Mfg. Co.,
Mishawaka, Indiana

May 5, 1933.

S. S. Kresge Company, 2727 Second Boulevard, Detroit, Michigan.

GENTLEMEN:

We have in our possession a rubber heel that was purchased at one of your stores and which bears a red circular figure mark and the name "Crusader".

We have for a great many years used a red circular figure as our trade-mark on footwear including rubber heels on which our mark appears in substantially the same location as the red circular mark on your heels. This red circular mark that you are using is undoubtedly an infringement of our trade-mark and we accordingly demand that you discontinue at once putting out rubber heels with the red circular figure mark. Unless you comply

immediately with this request and satisfy us that you have have done so, we will hold you accountable for damages.

Please let us have a prompt reply.

Yours very truly, Mishawaka Rubber & Woolen Mfg. Co., (Signed) E. J. W. Fink, President & General Manager.

EJWF:VM.
Registered.

* * * * * * *

[fol. 363] S. S. Kresge Company
General Offices,
Detroit, Michigan

May 9, 1933.

Legal Department, Mishawaka Rubber & Woolen Mfg. Co., Mishawaka, Indiana.

Atten.: Mr. E. J. W. Fink. Re: "Crusader" Rubber Heels

DEAR SIR:

Your letter of May 5th is referred to this department.

Mr. Murphy is out of the city at the present time and upon his return will give this matter his immediate attention. In the meantime our manufacturers have been advised as to the contents of your letter.

Very truly yours, S. S. Kresge Company, (Signed) N. Dickinson, Secretary to E. A. Murphy.

ND
5-23-33.

Mishawaka Rubber & Woolen Mfg. Co.,
Mishawaka, Indiana

May 11, 1933.

S. S. Kresge Company, Detroit, Michigan.

Re: Crusader Rubber Heels

GENTLEMEN:

Your letter of May 9 in reply to ours of May 5 has been received, in which it is indicated that we will hear from your Mr. E. A. Murphy upon his return.

Yours very truly, Mishawaka Rubber & Woolen Mfg. Co., (Signed) E. J. W. Fink, President & General Manager.

EJWF:VM.

* * * * * * *

[fol. 364] S. S. Kresge Company

General Offices

Legal Department

Detroit, Michigan,
May 19, 1933.

Mishawaka Rubber & Woolen Mfg. Co., Mishawaka, Indiana.

Att.: Mr. E. J. W. Fink, President & General Manager

DEAR SIR:

Your letter of May 5th came during the writer's absence from the City. The writer has before him a sample of the Crusader heel with an embossed knight head and inasmuch as your trade-mark is a flat circular red disk, I am wondering if we are talking about the same device. I can hardly understand how anyone by the widest stretch of the imagination would confuse one with the other. This company of course will not sanction the sale of merchandise which infringes other trade-marks and apart from this we desire to maintain friendly relations with your company. After studying our letter very carefully we reached the conclusion that your objection is to the use of the color red. While I am sure that you understand that a trademark gives no exclusive right to colors, we are entirely agreeable to requesting our manufacturers to use some other color unlike red. We will proceed accordingly upon your reply.

Very truly yours, S. S. Kresge Company, (Signed)
E. A. Murphy—Ass't Sec'y.

EAM:ND
6-2-33.

[fols. 365-405] Mishawaka Rubber & Woolen Mfg. Co.,
Mishawaka, Indiana

May 25, 1933.

S. S. Kresge Company, Detroit, Michigan.

Attention: Mr. E. A. Murphy, Assistant Secretary

GENTLEMEN:

We have your letter of the 19th which is in reply to our trade-mark infringement notice of May 5, and we feel quite

sure you understand that the red Crusader mark mentioned in your letter is the mark complained of and that you probably realize that it is an infringement of our mark.

We understand from the last sentence of your letter that upon receipt of our reply you will change the red Crusader mark, and we shall expect you to do this promptly and in such a way that there will be no further possibility of conflict with our mark.

Yours very truly, Mishawaka Rubber & Woolen Mfg. Co., (Signed) E. J. W. Fink, President & General Manager.

EJWF:VM.

. . . . . .

[fol. 406] PLAINTIFF'S EXHIBIT No. 134

Plaintiff's 1934 Correspondence

Mishawaka Rubber & Woolen Mfg. Co.,

Mishawaka, Indiana

February 15, 1934.

S. S. Kresge Company, 2727 Second Boulevard, Detroit, Michigan.

GENTLEMEN:

Having in mind our correspondence of last May relative to your selling rubber heels bearing a mark which, in our opinion, plainly infringed our trade-mark, we have been very much disturbed to find such heels still being offered for sale in your stores.

We dislike to appear at all brusque or arbitrary, but we must insist that proper respect be given our rights in this matter, and we therefore ask for a definite statement from you.

Yours very truly, Mishawaka Rubber & Woolen Mfg. Co., (Signed) E. J. W. Fink, President & General Manager.

EJWF:VM.

[fol. 407] S. S. Kresge Company,
General Offices,
Detroit, Michigan

Office of J. L. Pickering, Jr.

February 16, 1934.

Mishawaka Rubber & Woolen Mfg. Co., Mishawaka, Ind.

GENTLEMEN:

We have your letter of February 15th, and would appreciate a sample of the heel in question.

To the best of our knowledge and belief, we have no insert on our counter that could in any possible way infringe on your trade-mark.

An early receipt of the article mentioned would be appreciated, together with a letter from you as to how it infringes.

Yours very truly, S. S. Kresge Company, (Signed) J. L. Pickering, Jr., Buyer.

JLP:W.

[fol. 408] Mishawaka, Rubber & Woolen Mfg. Co.,
Mishawaka, Indiana,

June 14, 1934.

S. S. Kresge Company, Detroit, Michigan

GENTLEMEN:

On May 5, 1933 we notified you of our objection to your use of a red circular figure on rubber heels that we found you were displaying and selling in your stores, and we indicated that the heels we had reference to also bore the name "Crusader." We advised you in that letter that we considered said red circular mark on your heels an infringement of the red circular figure trade-mark that we had been using for a great many years on our footwear and rubber heels, and we demanded that you discontinue at once putting out rubber heels with the red circular mark, stating that unless you complied immediately with our request and satis-

fied us that you had done so, we would hold you accountable for damages.

After several weeks' delay, we received a letter from you signed by Mr. E. A. Murphy, stating that you were entirely agreeable to requesting your manufacture-s to use some other color unlike red and that you would proceed accordingly upon our reply, and we replied on May 25, 1933, stating that we understood from your letter that upon receipt of our reply you would change the red Crusader mark and that we would expect you to do this promptly and in such a way that there would be no further possibility of conflict with your mark.

We found, however, that your stores continued to display and sell rubber heels bearing the red circular mark that we had complained of and that together with the red marked heels your stores were displaying and selling rubber heels with the same mark in other shades in addition to red and varying through pink orange to a yellow color, and we wrote to you on February 15, 1934 calling you- attention to your continued infringement and insisting that you respect our trade-mark rights and asking for a definite statement from you. In reply we received a letter from you dated February 16, 1934 and signed by Mr. J. L. Pickering, Jr., buyer, from which it appeared that he had not even looked up the previous correspondence referred to in our letter, as he asked [fol. 409] us to furnish him with a sample of the heel in question, which had been clearly identified in the previous correspondence, and merely informed us that to the best of your knowledge and belief you had no insert on your counter that could in any possible way infringe on our trade-mark.

In view of this attitude, we have proceeded to collect from your stores throughout the country samples of the heels bearing the red mark which even now are being displayed and sold in your stores, and we have also collected samples of heels bearing the mark in the varying shades from red to yellow, all of which we regard as objectionable and all the more so as they have been and are mixed in with the red mark so that they have the same significance as to origin as the heels bearing the red mark.

We now demand that you discontinue immediately the display and sale of rubber heels bearing circular marks in red, pink, orange, yellow or any other colors in which you have been or are using such marks, and we also require that

you account to us for the damage we have sustained on account of your infringement of our rights.

We will expect a prompt reply.

Yours very truly, Mishawaka Rubber & Woolen Mfg. Co., (Signed) E. J. W. Fink, President & General Manager.

EJWF:VM.

Registered: Return Receipt Requested.

[fol. 410] S. S. Kresge Company

General Offices

Office of J. L. Pickering, Jr.

Detroit, Michigan,
June 18, 1934.

Mishawaka Rubber & Woolen Mfg. Co., Mishawaka, Ind.

GENTLEMEN:

We have your letter of June 14th, and assumed that this matter was straightened out to your satisfaction some time ago when Essex Rubber changed all of their dies around from the old ones. We understood that this — result of a conference with your company.

Inasmuch as we are purchasing rubber heels from others than Essex, of different designs, there is a possibility that Essex is using up old stock before making up the new number. However, we will write the Essex people to get the exact status of the situation.

Yours very truly, S. S. Kresge Company, (Signed) J. L. Pickering, Jr., Buyer.

JLP:W.

[fol. 411] Mishawaka Rubber & Woolen Mfg. Co.

Mishawaka, Indiana

June 22, 1934.

S. S. Kresge Company, Detroit, Michigan.

GENTLEMEN:

We have your letter of June 18, which we consider an unsatisfactory and incomplete response to our letter of June 14 to you regarding your continued infringement of our trade-mark.

We have had no dealings or understanding whatsoever with the Essex Rubber Company regarding this matter, although we are advised that they represented to the Patent Office that they had some agreement with us, which, however, we know nothing about. Moreover, regardless of any understanding that you may have had concerning changes that Essex may have proposed to make in their dies, you have continued to display and sell heels bearing the mark complained of after repeated notices from us of our objection.

Under these circumstances we would like to know if your letter of June 18 is all the response you care to make to our letter of June 14.

Yours very truly, Mishawaka Rubber & Woolen Mfg. Co., (Signed) E. J. W. Fink, President & General Manager.

EJWF:VM.

[fol. 412] S. S. Kresge Company

General Offices

Office of J. L. Pickering, Jr.

Detroit, Michigan,
June 25, 1934.

Mishawaka Rubber Co., Mishawaka, Wis.

GENTLEMEN:

We wired Essex Rubber Co. last week, advising them that you were still complaining the manufacture and sale of the heel, which you claim is an infringement on your copyright. They wired back that they expected to have new dies made within two weeks.

This is exactly contrary to our understanding with the Essex Rubber Co., inasmuch as it was our impression that this had happened over a month ago.

We are writing all stores today to discontinue ordering rubber heels from the Essex Rubber Co. until further notice. Please advise if this is satisfactory and in line with your conclusions.

Yours very truly, S. S. Kresge Company, (Signed) J. L. Pickering, Jr., Buyer.

JLP:W.

[fol. 413] S. S. Kresge Company

General Offices

Detroit, Michigan,
July 7, 1934.

Office of J. L. Pickering, Jr.

Mishawaka Rubber Co., Mishawaka, Wis.

GENTLEMEN:

We are attaching copy of a letter received from the Essex Rubber Co.

We note in their third paragraph regarding our influence with you people. We do not know what possible influence we have with your Company, but are forwarding copy of the letter for your disposition.

So far as the Kresge Company is concerned, we do not make our profit in our Legal Department, and inasmuch as you feel that the Essex product is an infringement on some copy right that you did have, or now have, we are certainly not interested in purchasing any more of these goods without your sanction. We must advise that if you state that it is all right to sell what remaining stock they have, that it will take from two to three months to clean this up.

As you know, this firm is in the hands of a receiver, and since they are evidently acting in good faith, it is our opinion that they should be permitted to close out what stock they have on hand of the number that you claim is an infringement. However, this is strictly up to you.

We would appreciate hearing your decision as soon as possible.

Yours very truly, S. S. Kresge Company, (Signed) J. L. Pickering, Jr., Buyer.

JLP—W.

[fol. 414] Essex Rubber Company

Trenton, N. J.

July 5, 1934.

S. S. Kresge Co., General Offices, Detroit, Mich.

Attention, J. L. Pickering, Jr.

GENTLEMEN:

We wish to acknowledge receipt of your letter of June 29th, and are following your instructions and withholding

shipments to your stores until such time as our new molds are finished which should be within the next two weeks.

We are enclosing, however, a list of the present type Crusader Heels, which we have in stock and as we are unable to use the heels for any other purpose, we will very much appreciate your allowing us to ship these on orders until they are cleaned up.

We had hoped that possibly the Mishawaka people would consent to allow us to market these heels in view of the fact that we were making a complete change in the appearance of this heel. We believe your influence with Mishawaka would cause them to feel that it would be to their advantage to allow you to take in these heels.

We sincerely hope that we can get this matter straightened out in a very short time and appreciate very much what you are doing to help us out.

With best personal regards, I am

Very truly yours, H. S. Maddock, Receiver of Essex Rubber Co., (Signed) J. A. Davidson.

[fol. 415] Mishawaka Rubber & Woolen Mfg. Co.

Mishawaka, Indiana

July 12, 1934.

S. S. Kresge Company, General Offices, Detroit, Michigan.

GENTLEMEN:

Your letter of June 25 addressed to Mishawaka Rubber Company, Mishawaka, Wisconsin, and your letter of July 7, likewise erroneously addressed, have reached us, and we wish to advise that we do not regard your letter of June 25 as a complete and satisfactory reply to our letter of June 14 to you. Moreover, it seems to us rather presumptuous, after our notice of infringement given to you considerably over a year ago and your continued deliberate infringement since that notice, for you to suggest to us in your letter of the 7th that the Essex Rubber Company should be permitted to close out the stock they have on hand bearing the infringing mark.

Furthermore, as far as we are concerned, the Essex Rubber Company has not exhibited any good faith that entitles them to any consideration. On the contrary, in an opposition proceeding that we instituted against them to prevent registration of the red Crusader mark under

which you have been putting out your heels, they refused to furnish our attorney with copies of papers that they filed in the case, although required by the rules and notified by the Patent Office that they should do so. In such cases the opposing attorney has access to the Patent Office files, and under the circumstances it would seem that ordinary courtesy would have prompted compliance with the rules.

*H*oreover, they persuaded the Patent Office to permit them to withdraw their application on representations made in August 1933 that the parties had reached an agreement with reference to their conflicting interests, which was not true, and upon the further representation that they no longer used the mark in red, which apparently was not true, [fol. 416] as the heels bearing the red mark have been on your counters until very recently at least, and in their letter of the 5th to you they want you to obtain permission from us to dispose of stock that they still have on hand.

Naturally, under these circumstances, we feel no inclination whatsoever to accommodate them.

The heels bearing the red Crusader mark first came to our attention in the early part of last year, and as they were being sold in your stores and bore your name, we notified you on May 5th, 1933 that we regarded your use of that mark on your heels as an infringement of our trademark and that unless you discontinued at once putting out rubber heels with the red circular figure mark, we would hold you accountable for damages, which we propose to do. You disregarded our notice and continued to infringe, and we proceeded to collect from your stores evidence of your continued infringement and demanded in our letter of June 14, 1934 that you account to us for the damage we have sustained on account of your infringement of our trademark.

Now you seek to dispose of the matter by merely discontinuing the objectionable mark after deliberately disregarding our notice for more than a year, and you even suggest that your manufacturer be permitted to dispose of his remaining stock, presumably through your stores.

Our mark is very valuable. We have used it for many years on goods amounting to many millions of dollars per year that have been distributed throughout the country, and we have spent millions of dollars in advertising and educating the public to identify our goods by the red mark.

That you have infringed and that your infringement has caused us a great amount of damage, there can hardly be any question. Your distribution of heels bearing the red mark has been widespread and prolonged, and those who identify our goods by the red mark—and there are many, as we sell through about sixty thousand stores—will naturally regard your red marked heels as our product, as well as any sort of shoes that your purchasers may put them on; and even though you discontinue the mark now, there undoubtedly will be many shoes in use for a considerable length of time bearing your red marked heels and continuing and increasing the damage to us.

[fol. 417] In view of your deliberate and prolonged infringement after notice and the large amount of damage that necessarily has been and will be occasioned by your infringement, we cannot consider or accept any mere discontinuance of infringement as sufficient. Therefore, this is final notice to you that unless you see fit to arrange with us before July 25 for a settlement that is satisfactory to us and which will involve a substantial payment of damages, we will take steps to have you declared an infringer and to collect damages to the full extent that we believe we are entitled and which we feel confident that the Courts, under the circumstances, will award to us.

Yours very truly, Mishawaka Rubber & Woolen Mfg. Co., (Signed) E. J. W. Fink, President & General Manager.

EJWF:VM.
Register.

Eugene M. Giles,
Attorney and Counselor,
2232-36 Midland Building,
176 West Adams Street,
Chicago

August 11, 1934.

S. S. Kresge Company, General Offices, Detroit, Michigan.

GENTLEMEN:

In their letters of June 14, 1934 and July 12, 1934, my client, Mishawaka Rubber and Woolen Manufacturing Company of Mishawaka, Indiana, made certain demands upon

you on account of your infringement of their round red trade mark. You not only have failed to comply with these demands, but have shown further indifference and disregard for my client's trade mark rights by displaying and selling [fol. 418] in your stores another rubber heel bearing a round red mark. The heel that I refer to has an Indian head design on the round red mark and the words "Sure Foot" molded on the bottom of the heels and is marked on the inside "Sure-Foot Heel & Rubber Co., Gettysburg, Pa." Samples of this heel were purchased in your stores as late as Wednesday of last week.

It is my opinion that this round red mark that you are using on the above mentioned "Sure Foot" heels is a clear infringement of my client's round red trade mark and you are hereby notified to discontinue immediately the display and sale of heels bearing that mark.

I have been instructed by my client to start suit against you and I have no doubt that your persistent and prolonged use of red circular marks on rubber heels will be regarded as a flagrant and wilful violation of my client's trade mark rights and that your further use of the round red mark on this "Sure Foot" heel will be looked upon as an added aggravating circumstance.

Yours very truly, (Signed) E. M. Giles.

EMG:MS.

[fol. 419] S. S. Kresge Company

General Offices

Legal Department

Detroit, Michigan,
August 31, 1934.

Eugene M. Giles, Attorney, 176 West Adams Street, Chicago, Illinois.

Re: Ball Band Trade-Mark, Mishawaka Rubber & Woolen Mfg. Co.

Dear Sir:

In regard to the Sure Foot Heel, I wish to leave no impression of questioning your good faith, but I assume you are familiar with the provisions of the Fair Practice Code

and the penalties therein imposed in respect to intimidatory trade practices.

I mention this for the reason that we have certain letters from your client of a threatening character, which letters state that any trade mark with a circular background constitutes a clear infringement of your client's Ball Band Trade Mark, regardless of the color used, wording of the trade mark or character of the design.

I will appreciate your personal reasons for believing that the Sure Foot Trade Mark constitutes an infringement of the Ball Band Trade Mark.

Very truly yours, S. S. Kresge Company. (Signed) E. A. Murphy, Ass't Sec'y.

EAM:K.

[fols. 420-434]

Eugene M. Giles

Attorney and Counselor

2232-36 Midland Building

176 West Adams Street

Chicago

September 11, 1934.

S. S. Kresge Company, General Offices, Detroit, Michigan.

Attention: Mr. E. A. Murphy, Ass't. Sec'y.

Re: Mishawaka Rubber & Woolen Mfg. Co. v. Kresge Company

Dear Sir:

Referring to your letter of the 31st ult. in which you refer to the Fair Practice Code, I am not aware of any Code or other regulations relating to the giving of notice by a trade mark owner to those whom it regards as infringers of its mark. I am aware that some, at least, of the codes for various industries include trade mark infringement as a violation of the Code, but upon investigation and inquiry I have been unable to locate the Code provisions that you refer to. I would appreciate it therefore if you would let me know just what Act and part thereof you have reference to.

With respect to the notices that have been sent to you by my client, these were sent under my direction and I am quite willing to take full responsibility for them. These letters did not make any such broad statement as you have indicated in your letter, but they did point out what you have done that is regarded as improper and which we will endeavor to establish as improper to the satisfaction of the Court in the action that will be instituted against you. I advised you in my letter of August 11th that I have instructions to proceed against you and the bill of complaint is being prepared and will be filed as promptly as possible. The red circular mark on the Sure Foot heel will be included as part of your alleged infringement.

Yours very truly, (Signed) E. M. Giles.

EMG:MS.

[fol. 435] In United States Circuit Court of Appeals for the Sixth Circuit

Cause Argued and Submitted

(March 13, 1941—Before: Hicks, Hamilton and Martin, JJ.)

This cause is argued by Thomas S. Donnelly for Appellant and by William B. Giles for Appellee and is submitted to the court.

In United States Circuit Court of Appeals

Judgment—Entered April 18, 1941

Appeal from the District Court of the United States for the Eastern District of Michigan

This cause came on to be heard on the transcript of the record from the District Court of the United States for the Eastern District of Michigan, and was argued by counsel.

On consideration whereof, It is now here ordered and adjudged by this Court that the judgment of the said District Court in this cause be and the same is hereby affirmed.

[fol. 436] IN UNITED STATES CIRCUIT COURT OF APPEALS

OPINION—Filed April 18, 1941

Before Hicks, Hamilton and Martin, Circuit Judges.

Hamilton, Circuit Judge: Appellant, Mishawaka Rubber and Woolen Manufacturing Company, filed a complaint against the appellee, the S. S. Kresge Company, for trade-mark infringement and unfair competition. The court found for appellant, but it claims the relief granted was inadequate and on this appeal it asks that the judgment be extended to award it further and other relief.

For many years appellant has been engaged in the manufacture, sale and distribution of footwear of various kinds and for more than thirty-five years, has been manufacturing rubber heels for use on its boots and shoes. Continuously since 1898, appellant has used a trade-mark which it registered in 1901 for its goods, consisting of an arbitrarily selected representation of a circular figure or colored ball of varying shades of red applied directly to the tread face at approximately the center of the rubber heel. It has renewed the registration of its trade-mark from time to time and is presently using it.

Since 1917 it has exemplified its trade-mark by embedding a circular plug of contrasting colored rubber in the heels of shoes sold by it of the same thickness of the heel so that the distinctive marking remained on the product during its life. In combination with the colored circular ball figure, appellant also used other registered trade-marks consisting generally of the words "Ball Band" or sometimes "Mishko" in raised lettering and also at bottom the lettering "Mishawaka, Indiana." The circular mark and the words "Ball Band" were associated together in different ways, the ball-shaped mark sometimes appearing between the words "Ball" and "Band" and sometimes being at the side of or above or below them. The words "Trade-Mark, Rubbers, Mishawaka, Ind." were always stamped under the colored circular mark. Mishawaka is the town in Indiana where appellant did its manufacturing.

[fol. 437] Appellant has spent, and is continuing to spend, large sums of money advertising in catalogs, pamphlets, newspapers and by window displays, its product under its

trade-marks, prominently displaying its colored circular figure as an identification of origin. Appellant's shoe heels have been sold throughout the United States always as a part of its shoes, never separately.

Appellee, the S. S. Kresge Company, operates and maintains a large number of retail stores throughout the United States where it sells detached rubber heels and lifts manufactured for it by the Essex Rubber Company, O'Sullivan Rubber Company and the Boston Woven Hose and Rubber Company. Those manufactured for it by the Essex Rubber Company had a red circular mark on the tread with the word "Crusader" in raised lettering and embossed in the outer face of the circular mark was a crusader's head or a head in armor.

On discovery that appellee was selling the above-described heels, appellant, on May 9, 1933, notified appellee that it was infringing its trade-mark and appellee, on May 19, 1933, informed appellant it intended using some color other than red on its heels and notified the Essex Company to discontinue the use of the red circular mark on the heels manufactured for it and from about June 6, 1933, to June 29, 1934, Essex manufactured and supplied appellee heels with a circular orange colored mark but from May, 1933, until June, 1934, appellee continued to sell heels with red circular mark, as well as those with orange circular mark indiscriminately mixed together on the same counters. Appellant again notified appellee of the alleged infringement on February 15 and also on June 14, 1934, and on June 29, 1934, appellee notified the Essex Rubber Company to discontinue delivery of heels to it. From June 1, to September 1, 1934, the Essex Rubber Company was changing its molds and thereafter supplied appellee with heels with and indented diamond-shaped insert with a crusader's head embossed thereon, the insert contrasting to the color in the body of the heel and having on it the word "Crusader." [fol. 438] The heels manufactured for appellee by the O'Sullivan Rubber Company, had on the tread surface an embossed circular Indian head in red with the words "Sure-Foot" in raised lettering thereon and these were delivered to appellee from July 1, 1934, to December 1, 1934, and sold by it from bins and counters on which were also displayed and sold heels having the red "Crusader" mark. After December 1, 1934, appellee requested the O'Sullivan Rubber Company to change the color of the circular Indian head

mark from red to green and thereafter appellee sold these heels bearing the green circular Indian head mark from the same bins and counters where there was displayed and offered for sale heels bearing the red circular mark of the "Crusader" type, the orange circular mark of the "Crusader" type and the indented diamond-shaped "Crusader" head type.

The heels made for appellee by the Boston Woven Hose & Rubber Company had an American eagle on a circular background on the tread surface, with the word "Ever-grip" embossed thereon but they did not use a red or reddish color.

The court below found that the heels manufactured for the appellee by the Essex Rubber Company and the O'Sullivan Rubber Company infringed appellant's trade-mark but that those manufactured by the Boston Woven Hose & Rubber Company did not so infringe. It also found that the method followed by appellee in the sale of its heels and lifts was unfair to appellant.

The court decreed that appellant be enjoined from selling, aiding or abetting others either directly or indirectly in selling rubber heels with a red or reddish circular ball figure appearing on the surface portion of the heel or any imitation thereof, so nearly resembling the ornamental dress of the heels of appellant as to be calculated to deceive the ordinary purchaser as to the source of such goods and it also decreed that appellee account to appellant for profits realized by it after May 19, 1933, on rubber heels bearing a red or reddish circular mark indented upon the face portion thereof, to purchasers who were induced to buy because they believed the heels to be those of appellant [fol. 439] and which sales appellant otherwise would have made.

Broadly stated, appellant attacks the decree in two particulars: (1) that the court should have enjoined the appellee from selling any heels with a disc of different color from the remainder of the heel; (2) that appellee should have been required to account for the profit on the sale of all heels with a distinctive colored disc regardless of any direct evidence of positive deception or whether or not appellant would otherwise have made the sales.

The registration of appellant's trade-marks did not enlarge its substantive rights. All it did was to confer jurisdiction on the court regardless of diversity of citizenship

and give registrant certain procedural advantages. *Armour & Company* v. *Louisville Provision Company*, 283 F. 42 (C. C. A. 6); *Armstrong Company* v. *Nu-Enamel Corp.*, 305 U. S. 315, 322.

Whatever substantive rights appellant may have in the premises arise under local law and are within the scope of *Erie Railroad Company* v. *Tompkins*, 304 U. S. 64; *Kellogg Company* v. *National Biscuit Company*, 305 U. S. 111. However, the parties make no claim that the local law is different from the general law on the subject and each has relied in the briefs almost entirely on Federal precedents.

A manufacturer may market his products in a dress in which there is no element of size, shape, color, lettering, word or symbol to which he has the exclusive right of use, but if the ensemble has come to be a public guaranty of origin and quality, he may secure protection against unlawful pirating by a competitor on the ground of unfair competition; *Shwannecke* v. *Genesee Coal Company*, 262 Mich. 624. In such a case, it is the duty of the court to examine the dress of the product in the original and that of the alleged pirate as a whole, both as to resemblances and differences to ascertain whether, in view of the differences, the resemblances are so marked that the ordinary purchaser would be likely to be deceived. The manufacturer may also put forth his product marked with an arbitrary symbol, lettering or figure and rely upon building up a good will [fol. 440] by associating in the public mind his product with the invented word or arbitrary symbol, and by thus using the marking acquire an exclusive right in it. *Smith* v. *Walker*, 57 Mich. 456. The symbol or marking of the manufacturer does not exist in gross or separate and apart from the good will with which it is associated but only attaches itself to the goods which it identifies and which goods are manufactured or sold by its owner.

An abstract right in a symbol has no existence, but the symbol must be considered in association with the article which it identifies. In this sense a trade-mark differs from a patent or copyright. The latter exist the instant either is issued or entered. The patentee or author, without use, remains the real or true owner of the grant until it is dedicated to the public use by abandonment or by operation of law, but the registry of a trade-mark does not ipso facto make the mark. Patent right and copyright rest upon the view that the results of the original labor of the inventor

and the author ought as a matter alike of justice and of public policy to be secured against piracy, while as regards the proprietor of a trade-mark, the question of originality does not arise so long as the mark is sufficiently distinctive really to identify his goods and for the purpose of registration to satisfy the Trade-Mark Act. In truth the registration of a trade-mark is rather the recognition of a fact than the grant of a privilege. The law of trade-marks is analogous to that of patents or copyrights in that each is based on one's rights to have guaranteed to him the profit derivable from his own property.

A "technical trade-mark" may be defined as a word, device or symbol lawfully appropriated by a manufacturer or trader to distinguish his specific products, the primary purpose of which is to indicate the origin of his goods and not to distingush a particular grade, style or size of the manufacturer's products. It must be capable of disinguishing one's articles from all others as regards origin or ownership. As to whether a commercial signature of one's [fol. 441] goods is a technical trade-mark is material here. Guilty knowledge or fraudulent intent is not an essential element of infringement of such a mark. It is well settled that an infringement will be restrained irrespective of the question of intent on the part of the infringer. *Saxlehner* v. *Siegel-Cooper Company*, 179 U. S. 42, 43. This is based upon the ground that the original proprietor has a qualified property right in the trade-mark, of which the pirate has made unlawful use.

The right to an injunction is not made to depend upon the fact that deception was either intended or practiced. If the opportunity is furnished where deception may ensue, a basis exists to grant injunctive relief. *Lawrence Mfg. Company* v. *Tennessee Mfg. Company*, 138 U. S. 537, 555. This rule, however, does not prevail in all cases in awarding either damages or cost. Proof of the absence of fraudulent intention in trespassing on trade-mark rights may avail a defendant in saving costs, damages or profits where his acts have been perfectly bona fide. The rule prevails in Michigan that an account of profits will not be taken where the wrongful use of a trade-mark or trade-name has been merely accidental or without any actual or wrongful intent to defraud the original owner or to deceive the public. *Liberty Oil Corporation* v. *Crowley, Milner Company*, 270 Mich. 187. This is in harmony with the rule prevailing in

the federal courts. *Straus* v. *Notaseme Company*, 240 U. S. 179, 181.

In many cases, it is difficult to determine whether complainant's trade-mark has been actually pirated in such manner as to be likely to deceive and impose upon his customers or patrons of his manufacture or business, but it is the duty of the court in all cases to compare the whole labels or symbols used by the respective parties, and if the court finds that the infringers' devices are colorable, which requires a careful inspection to distinguish his marks and appearances from those of the manufacture imitated, the court will protect the original owner, but is not bound to interfere where ordinary attention by the purchaser will enable him [fol. 442] to discriminate. The burden rests on complainant to show by a fair preponderance of the evidence that the ordinary mass of purchasers giving that attention which such persons usually give in buying the article in question would probably be deceived.

Where a person uses the business symbol or label of another with the fraudulent purpose of obtaining business which belongs to the other, there will be no injustice if the court assumes the label or symbol so chosen accomplishes the purpose although the resemblance is slight. If one intends that the name, symbol or label so chosen should be mistaken for that of another, it is fair to assume he will use them to promote that belief or purpose. Therefore the motives with which the name, symbol or label is chosen its similarity, as well as the surrounding circumstances, all enter into the determination of whether business will be lost or diverted. Where, however, the name, symbol or label is not chosen to deceive and has not been used in a way intended or calculated to deceive, the court should not interfere unless the similarity is sufficient to deceive the usual persons proceeding with ordinary care. *Supreme Lodge K. of P.* v. *Improved Order K. of P.*, 113 Mich 133. There is no finding of fact in the case at bar, and we find no evidence in the record to support the inference that appellee adopted the symbol used on its heels for the fraudulent purpose of attracting to itself business or sales which belonged to appellant and there is no evidence that any such sales occurred. The action is therefore limited to the charge that the defendant has infringed a technical trade-mark in violation of a qualified property right wherein the fraudulent intent is presumed. No justification is found in the

record for an inference that any one appears to have been deceived by appellee's trade-mark into purchasing its shoe heels and lifts in the belief that he was purchasing shoe heels produced by appellant.

Appellant's trade marks had been so long in use and so widely advertised, it is presumed that appellee had knowledge of them and even if the appellee assumed its trade-[fol. 443] marks without any intention to mislead the public or to unfairly interfere with appellant's trade, if they so closely imitated appellant's as to lead to confusion and tended, because of their similarity, to be taken by the public for those of appellant, appellee must be held to the same responsibility as though it had been guilty of intentional pirating. *Dayton* v. *Imperial Sales & Parts Company,* 195 Mich. 397.

It is the tendency of the courts to restrict the scope of law applicable to technical trade-marks and extend its scope in cases of unfair competition. *Mill Company* v. *Alcorn,* 150 U. S. 460; *Koehler* v. *Sanders,* 122 N. Y. 65. Appellant rests its cause of action both on the law of technical trade-marks and unfair competition. This being true, it becomes essential to ascertain the distinctions as well as the resemblance between the two legal principles. The underlying concept of each is the same; namely, the prevention of that which in its operation and results is a fraud upon the public and an injury to the rival trader. *Canal Company* v. *Clark,* 80 U. S. 311, 322. But, while the idea of fraud lies at the foundation of the law of technical trade-marks as well as that of unfair competition, it must be remembered that fraud may rest in actual intent shown by evidence or inferred from the circumstances or conclusively presumed from the act. Fraudulent intent must be shown by the evidence or be inferable from the circumstances in cases of unfair competition but where one uses the trade-mark or trade symbol of a competitor, fraud will be presumed from the wrongful use. No one has the right to use the technical trade-mark of another in connection with like goods but if he does and persists after being notified to desist, fraud and imposition, which constitute the essence of the injury, will be presumed and relief granted. *Lawrence Mfg. Company* v. *Tennessee Mfg. Company,* 138 U. S. 537, 549; *McLean* v. *Fleming,* 96 U. S. 245, 252; *H. E. Winterton Gum Company* v. *Auto Sales Gum & Chocolate Company,* 211 F. 612 (C. C. A. 6).

Appellant having acquired the exclusive right to the use upon its shoes of the trade-mark heretofore described, the [fol. 444] remaining question is: Would the coloring and markings of appellee's lifts and heels, excluded from the injunction, likely mislead the ordinary or usual buyer into believing that he was purchasing goods manufactured by appellant.

All of the heels manufactured by appellant had a red circular figure or red ball on the tread face in approximately the center thereof with the words "Ball Band" in raised lettering in different configurations and at the bottom thereof the lettering "Mishawaka, Indiana." All of appellee's heels, with the exception of two types, used the circular ball at first in red then in orange, green and beige but embossed on some of them were a Crusader's head, on some an Indian head, and on others an eagle. Appellant's heels had no arbitrary figure on them, but a circular contrasting, reddish section with accompanying lettering.

Color, except in connection with some definite arbitrary design which serves to distinguish the article as made or sold by a particular person, is not the subject of a trade-mark, but the owner of a valid trade-mark, otherwise distinctive, may be protected against appropriation by a rival through mere change in color. *Sampson Cordage Works* v. *Puritan Cordage Mills*, 211 F. 602 (C. C. A. 6). In considering the likelihood of confusion of goods where a trade-mark is a figure or design or lettering, the owner's right may well cover that figure or design or lettering reproduced in any color for the identity of the figure, design or lettering, may mislead the purchaser in spite of the difference in color. But, the difference in color may so emphasize the difference between the figure, design or lettering as to obviate the likelihood of deceiving any purchaser. If the trade-mark were a black cross, certainly one in bright red would distinguish them.

The words or phrases appearing on the respective marks here involved are so essentially dissimilar as to lend no color to deceit. Hence, obviously there can be no possibility of an confusion in sound between "Ball Band" and the words "Crusader," "Surefoot," and "Evergrip," so it is [fol. 445] clear that the lettering on the heels is not relevant to the issue here, and consideration must be confined to a comparison of the physical appearance of the two designs.

A circle or ball as a trade-mark is publici juris where it has not acquired a secondary meaning as in the case here and therefore appellant can claim no exclusive right to their use standing alone. *Patton Paint Company* v. *Sunset Paint Company*, 290 F. 323 (C. C. A. D. C.). The degree of resemblance necessary to constitute infringement is incapable of exact definition. All that courts of justice can do in that regard is to say that no manufacturer or seller can adopt a trade-mark so resembling that of another trader that ordinary purchasers buying with ordinary caution are likely to be misled and each case must be determined on facts peculiar to it.

In the case of a symbol merely, an imitation must be fairly exact to infringe. In cases where the trade-marks are the imprints of animals of the same genus, one large, fat and well conditioned, the other small, lank and lean, there is no actionable deceit. *Popham* v. *Cole*, 66 N. Y. 74.

In our opinion the symbols and lettering descriptive of the articles and bearing the names of appellant and appellee respectively as manufacturers or producers, are entirely unlike in arrangement, general form and appearance insomuch that no one could mistake the lifts and heels of appellee, excluded from the lower court's injunction, for those of appellant.

Where two persons are engaged in selling like goods, each of them may aptly designate and describe them or attractively present them for sale but neither may acquire the exclusive privilege of doing so, and neither has the right to insidiously mislead purchasers into the belief that his wares are those of his competitor. The products here involved have some family resemblance but do not show close kinship.

The right to the exclusive use of a technical trade-mark is limited to a use of it upon some particular class of goods. Accordingly, it is not an infringement to use the identical [fol. 446] trade-mark of another person upon an entirely different class of goods, but the owner of a trade-mark for a broad class, such as here, is entitled to enjoin the use of his work on a particular species of goods belonging to the class covered by the mark. But, before he is entitled to an accounting of profits for the use of his mark, the burden rests on him to show by a fair preponderance of evidence that either actual or reasonably probable de-

ception or confusion has resulted and regard must be given to the class of persons who purchase the articles and to the circumstances ordinarily attending their sale. From the circumstances of this case, there appears no reasonable probability that there was confusion or deception without evidence of the fact. Therefore, the burden was upon appellant to prove that appellee had made profits attributable in whole or in part to the use of appellant's trade-mark, even though they used identical or similar colors.

We agree with the District Court that the burden is upon appellant to prove that the appellee has made profits attributable in whole or in part to its trade-mark. *Westinghouse Manufacturing Company* v. *Wagner Manufacturing Company*, 225 U. S. 604, 622.

The injunction which was granted was expressly limited to prohibiting the use of any red or reddish circular ball figure appearing on the face portion of the heel, or any imitation thereof so nearly resembling the ornamental dress of appellant's heels as to be calculated to deceive the ordinary purchaser as to the source of the goods, and accounting was limited to profits unlawfully enjoyed by appellant from sales made by it after May 19, 1933, of rubber heels bearing a red or reddish circular mark indented upon the face portion thereof, to purchasers who were induced to buy because they believed the heels to be those of appellant and which sales appellant would otherwise have made.

The trade-marks of appellant were in part old and in part new, but for the purpose of presenting its goods to the public as identifying origin, it had the right to adopt the [fol. 447] combination it used and it is entitled to protection against palpable imitations and to the profits, if any, appellee has received by reason of the presumed palming-off of its goods as those of appellant. The case of appellant is not very strong on the facts, yet it seems to be entitled to the carefully limited injunction and accounting of profits which was granted.

The court in its judgment postponed the matter of awarding costs until the final disposition of the decreed accounting. Appellant asked us to amend the judgment by awarding it costs. The Rules of Civil Procedure, Rule 54, Title 28, U. S. C. A., following Section 723 (c) provides that costs shall be allowed as of course to the prevailing party unless the court otherwise directs.

By the plain language of the rule, the imposition of costs is a matter within the discretion of the trial court. Since the judgment is not final in this respect, we pass it. Appellant, deeming itself prejudiced by the error, if any, may get redress through application to the lower court for a modification of its judgment and afterwards if it deems itself aggrieved, he may appeal to this court for a review of the court's final judgment.

Judgment affirmed.

[fols. 448-466] Petition for rehearing covering 18 pages, filed May 17, 1941, omitted from this print. It was denied, and nothing more by order of June 25, 1941.

[fol. 467] IN UNITED STATES CIRCUIT COURT OF APPEALS

ORDER DENYING PETITION FOR REHEARING

Entered June 25, 1941

Appellant's petition for rehearing is hereby denied.

UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT

I, J. W. Menzies, Clerk of the United States Circuit Court of Appeals for the Sixth Circuit, do hereby certify that the foregoing is a true and correct copy of record and proceedings in the case of *Mishawaka Rubber & Woolen Manufacturing Company* v. *S. S. Kresge Company*, No. 8612, as the same remains upon the files and records of said United States Circuit Court of Appeals for the Sixth Circuit, and of the whole thereof.

In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of said Court at the City of Cincinnati, Ohio, this 19th day of August, A. D. 1941.

J. W. Menzies, Clerk of the United States Circuit Court of Appeals for the Sixth Circuit. (Seal.)

(Foregoing record printed pursuant to stipulation by and between the parties.)

[fol. 468] SUPREME COURT OF THE UNITED STATES

ORDER ALLOWING CERTIORARI—Filed November 10, 1941

The petition herein for a writ of certiorari to the United States Circuit Court of Appeals for the Sixth Circuit is granted, limited to the first and second questions presented in the petition for certiorari.

And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

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CHARLES ELMORE CROPLEY
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1941.

No. 649

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

vs.

S. S. KRESGE COMPANY,

Respondent.

PETITION OF MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS FOR THE SIXTH CIRCUIT, AND BRIEF IN SUPPORT THEREOF.

GEORGE L. WILKINSON,
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EUGENE M. GILES,
176 West Adams Street,
Chicago, Illinois,
Of Counsel.

THE BUNTHORP-WARREN PRINTING COMPANY, 310 WEST JACKSON, CHICAGO

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1941.

No. .....

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

vs.

S. S. KRESGE COMPANY,

Respondent.

PETITION OF MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS FOR THE SIXTH CIRCUIT.

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your Petitioner, Mishawaka Rubber and Woolen Manufacturing Company, respectfully prays for a Writ of Certiorari to the Circuit Court of Appeals for the Sixth Circuit to review the judgment of that Court entered on the 18th day of April, 1941 (petition for rehearing denied June 25, 1941). A transcript of the record in the case, including the proceedings in said Circuit Court of Appeals, is furnished herewith in accordance with the rules of this Court.

Summary and Short Statement of the Matter Involved.

Petitioner, Mishawaka Rubber and Woolen Manufacturing Company of Mishawaka, Indiana, in a civil action in the District Court for the Eastern District of Michigan against Respondent, S. S. Kresge Company of Detroit, Michigan, sought an injunction and accounting of profits and damages for infringement of Petitioner's registered trade-mark and for unfair competition. The District Court found Respondent guilty of both trade-mark infringement and unfair competition after direct notice (R. 253, par. 5) and ordered an injunction and an accounting of profits.

Respondent did not appeal from the decision of the District Court but Petitioner, being denied adequate relief both as to injunction and accounting, appealed to the Court of Appeals. The appellate court refused further relief and affirmed the judgment of the District Court.

Petitioner has for many years manufactured at Mishawaka, Indiana and sold throughout the United States, boots and shoes and other products and used thereon and in connection with the sale thereof a trade-mark consisting of a red circular figure, which it registered on May 28, 1901, Registration No. 36,471, and renewed on May 28, 1931 under the Trade-Mark Act of 1905.

Petitioner's boots and shoes are provided with rubber heels to which its red circular figure trade-mark is directly and permanently applied at approximately the center of the tread face. (For convenience, a photograph showing Petitioner's heel and Respondent's heels is included herewith, following page 22. The Petitioner's heel is marked Plaintiff's Exhibit No. 16.)

Respondent, S. S. Kresge Company of Detroit, Michigan, which operates a nation-wide chain of retail stores and sells general merchandise at low prices, began in 1933 to display on the counters of its various stores and to sell

therefrom rubber heels bearing a red circular mark located at approximately the center of the tread face of the heel, said mark having a Crusader head embossed thereon. (See photographic insert, Plaintiff's Exhibit No. 79.)

Although Petitioner, on May 9, 1933, notified Respondent that said red circular mark on Respondent's rubber heels infringed Petitioner's red circular figure trade-mark, Respondent not only continued to display and sell in its stores rubber heels bearing said red circular mark but proceeded in addition thereto at intervals thereafter and notwithstanding further notice on February 15, 1934, June 14, 1934 and August 11, 1934, to display with said rubber heels and to sell rubber heels bearing exactly the same mark in an orange color (See photographic insert, Plaintiff's Exhibit No. 59) also rubber heels bearing a tan diamond mark (See photographic insert, Plaintiff's Exhibit No. 33) with a Crusader head embossed thereon like that of said red and orange circular marks, also rubber heels bearing another red circular mark with an Indian head embossed thereon (See photographic insert, Plaintiff's Exhibit No. 54), also rubber heels bearing exactly the same circular mark with Indian head but in a green color (See photographic insert, Plaintiff's Exhibit No. 37) and also rubber heels bearing a beige color circular mark (See photographic insert, Plaintiff's Exhibit No. 48).

These rubber heels of Respondent with the various colored marks thereon, including both of the red circular marks, were displayed together by Respondent in the various stores at the same counters and in the same bins indiscriminately mixed together, and Petitioner has contended that this mixing of the heels and the similarities of the colored marks and also the similarities of other markings imparted to all the rubber heels the same significance of origin and to the heels with the marks of other

color the same significance of origin as the infringing red marked heels.

While the decision of the District Court is quite extensive, due to numerous amendments and additions to the original findings, the essential and controlling facts originally found and retained throughout the amendments are that

> "Continuously since on or about 1898 the plaintiff has used a trade-mark for its goods consisting of a circular figure or ball colored red and applied directly to the tread face of the plaintiff's rubber heels at approximately the center thereof. This trade-mark was registered in 1901 and its registration has been renewed and all rights to said trade-mark are still owned by the plaintiff." (R. 250, par. 3)
>
> "* * * the trade-mark (of defendant) is so applied that the most prominent part is a circular plug of red or reddish color so closely resembling that of the plaintiff that it is difficult to distinguish the products sold by the defendant from the plaintiff's products." (R. 251, par. 8)
>
> "The ordinary purchaser, having become familiar with the plaintiff's trade-mark, would naturally be led to believe that the heels marketed by the defendant were the product of the plaintiff company." (R. 251, par. 9)
>
> "The heels sold by the defendant were of inferior quality as compared to the heels manufactured and sold by the plaintiff and attached to their product and this tended to destroy the good will created by the plaintiff in the manufacture of its superior product. Likewise, when one of the defendant's heels was attached to footwear not manufactured by the plaintiff it would tend to cause purchasers to believe that the entire article of footwear was manufactured by the plaintiff." (R. 252, par. 11)
>
> "The markings on the products marketed by the defendant are an infringement of plaintiff's trade-mark and the methods used in the sale of defendant's products constituted unfair competition." (R. 252, par. 12)

It was also originally found by the District Court that

> "Upon discovery by the plaintiff of the defendant's sale of the above-described type heels and heel lifts, the plaintiff notified the defendant of its trade-mark of the red circular ball figure and thereafter defendant stopped giving orders to its supply company for heels and heel lifts bearing a red circular figure, but did order for its counters heels bearing circular figures in orange, green, tan, yellow, and also figures with a square or diamond shaped plug in yellow, tan, and other colors. Defendant mixed these heels indiscriminately on its counters with the heels it had remaining in stock with the red circular figure." (R. 251, par. 10).

and while this paragraph was thereafter subjected to discussion in open court and other findings were added later relating to the same subject matter, the original above quoted finding appears to remain unaltered. Moreover, the Court of Appeals refers to Respondent's indiscriminate mixing (R. 437) and sale of heels with other color marks from the same bins and counters in which the heels bearing Respondent's red circular marks were displayed. (R. 438).

The District Court found as a conclusion of law that

> "The defendant is guilty of infringing plaintiff's trade-mark and is guilty of unfair competition and such trade-mark infringement and unfair competition continued after direct notice to the defendant." (R. 253.)

and thereupon entered as its decree (R. 322) a decree prepared by the Respondent (R. 312) ordering an injunction extending only to the Respondent's heels bearing any red or reddish circular ball figure and ordering an accounting limited to profits and restricted to those profits on Respondent's sales

> "to purchasers who were induced to buy because they believed the heels to be those of plaintiff (Petitioner) and which sales plaintiff (Petitioner) would otherwise have made".

The Court of Appeals, without disturbing the findings of the District Court, affirmed the judgment of that court.

Because the judgment affirmed by the Court of Appeals is contrary to prevailing and controlling law, this Petition for Certiorari is presented.

Jurisdiction.

1. The date of the judgment to be reviewed is April 18, 1941; petition for rehearing denied June 25, 1941.

2. The judgment was rendered in a civil action involving trade-mark infringement, under the trade-mark statutes, and unfair competition.

3. The statutes under which jurisdiction is invoked are: 240(a) of the Judicial Code, 28 U. S. C. 347; 28 U. S. C. 350; and Secs. 12 and 18 of the Trade-Mark Act of 1905, as amended, 15 U. S. C. 92 and 98.

4. While this is a suit involving trade-mark infringement and unfair competition, the questions submitted for review are not limited to this specific controversy but are general questions raised by the decision of the Circuit Court of Appeals for the Sixth Circuit. Jurisdiction is shown under Rule 38(5b) of this Court as follows:

a. A decision of a federal question in a manner conflicting with the applicable decisions of this Court.

b. Conflict in important respects between the Circuit Court of Appeals for the Sixth Judicial Circuit and the courts of appeals of other judicial circuits on the same questions of law.

c. Important questions of federal law which have not been but should be settled by this Court.

5. Cases believed to sustain the jurisdiction are:

S. S. Ansaldo San Giorgio I v. *Rheinstrom Bros. Co.*, 294 U. S. 494.

Mumm v. *Decker & Sons*, 301 U. S. 168.
Magnum Import Co. v. *De Spoturno Coty*, 262 U. S. 159.
Hutchinson, Pierce & Co. v. *Loewy*, 217 U. S. 457.

Questions Presented.

1. Where accounting of profits is ordered for infringement of a trade-mark registered under the Act of 1905, are profits restrictable to sales to purchasers who were induced to buy because they believed the goods to be those of the trade-mark owner and which sales the trade-mark owner would otherwise have made?

2. Where a decree is rendered for wrongful use of a trade-mark registered under the Act of 1905 and the District Court whose judgment is affirmed found that defendant's infringement tended to destroy plaintiff's good will to an extent beyond the particular articles as to which profits are awarded, should damages be denied?

3. When a defendant has been found guilty of trade-mark infringement and unfair competition, should such defendant be permitted to continue to sell goods bearing trade-marks exactly like the infringing trade-mark except for color and which by virtue of defendant's long mixing and side by side association with the goods bearing the infringing marks, have acquired the same significance of origin as the goods bearing the infringing trade-marks?

Reasons for Allowing the Writ.

1. Because the Court of Appeals for the Sixth Circuit, in assessing profits for infringement of a trade-mark registered under the Trade-Mark Act of 1905, limited profits to lost sales resulting from actual deception,

(a). This ruling is contrary to the controlling Act of Congress.

(b). This ruling conflicts with the applicable decisions of this Court.

(c). This ruling conflicts with the holdings of the Courts of Appeals for the Third and Seventh Circuits in the same matter.

2. Because the Court of Appeals for the Sixth Circuit affirmed the judgment of the District Court which found damage to the Petitioner arising out of the Respondent's acts of trade-mark infringement, but refused to allow an accounting for damages,

(a). This refusal of damages ignores the controlling Act of Congress.

(b). This refusal of damages conflicts with the holdings of the Court of Appeals for the Seventh Circuit in the same matter.

3. Because the Court of Appeals for the Sixth Circuit refused to enjoin the continued sale by the Respondent of heels bearing marks exactly like the infringing marks except for color and which by association had acquired the same significance of origin as the infringing marks,

(a). This involves a question of the law of trade-marks (and unfair competition) which has not been but should be settled by this Court.

Respectfully submitted,

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

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Chicago, Illinois,
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Of Counsel.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1941.

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

vs.

S. S. KRESGE COMPANY,

Respondent.

BRIEF IN SUPPORT OF PETITION FOR CERTIORARI.

THE OPINIONS OF THE COURTS BELOW.

The opinion of the District Court is not reported but will be found beginning at page 250 of the record, and continued on pages 285-290, 299-303, and 322, 323 thereof.

The opinion of the Court of Appeals for the Sixth Circuit is reported in 119 F. 2d 316 and will also be found beginning at page 436 of the record.

Point I.

The Court of Appeals for the Sixth Circuit, in Assessing Profits for Infringement of a Trade-Mark Registered Under the Trade-Mark Act of 1905, Limited Profits to Lost Sales Resulting from Actual Deception.

(a) This ruling is contrary to the controlling Act of Congress.

(b) This ruling conflicts with the applicable decisions of this Court.

(c) This ruling conflicts with the holdings of the Courts of Appeals for the Third and Seventh Circuits in the same matter.

(a).

This ruling is contrary to the controlling Act of Congress.

The District Court found that certain of the heel trade-marks used by the Respondent were an infringement of the Petitioner's registered trade-mark and enjoined the Respondent from selling heels bearing the infringing marks. The District Court also ordered an accounting for the profits which the Respondent derived from its sales of the infringing heels. Pursuant to the request of the Respondent, the District Court ruled that in assessing profits, the Petitioner would be required to prove that the purchasers were induced to buy because they believed the heels to be those of the Petitioner, and that the Petitioner would otherwise have made those sales. The Court of Appeals affirmed this holding.

Section 19 of the Trade-Mark Act of 1905 (15 U. S. C. 99) provides:

> "That the several courts vested with jurisdiction of cases arising under the present act shall have power to grant injunctions, according to the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under this act, on such terms as the court may deem reasonable; and *upon a decree being rendered in any such case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction.* The court shall have the same power to increase such damages, in its discretion, as is given

by section sixteen of this act for increasing damages found by verdict in actions of law; and *in assessing profits the plaintiff shall be required to prove defendant's sales only;* defendant must prove all elements of cost which are claimed." (Italics ours.)

The District Court's accounting order, as approved by the Court of Appeals for the Sixth Circuit conflicts with the express provision of the controlling Act of Congress which provides that:

"in assessing profits, the plaintiff shall be required to prove the defendant's sales only;".

The courts may, perhaps, exercise discretion as to *when* profits will be assessed, for trade-mark infringement. Under the Act of 1905, they have no discretion as to *how* the profits shall be assessed.

(b).

This ruling conflicts with the applicable decisions of this Court.

The Court of Appeals correctly observed that the Petitioner's *substantive* rights were not enlarged by registration of its trade-mark, but it erroneously concluded that under the holding of this Court in *Erie Railroad Co.* v. *Tompkins*, 304 U. S. 64, the local law of Michigan would supersede the remedial provision of the pertinent Act of Congress in determining the relief to be allowed. It was upon this theory that the Court of Appeals ignored the provision of Section 19 of the Trade-Mark Act of 1905 (15 U. S. C. 99) which provides for redress for infringement of a registered trade-mark.

This Court discussed the effect of the Trade-Mark Act of 1905 in *American Trading Co.* v. *H. E. Heacock Co.*, 285 U. S. 247. In that case it was stated that:

"* * * the Federal statute did not attempt to create exclusive substantive rights in marks, or to afford a refuge for piracy through registration under the Act, but *to provide appropriate procedure and to*

give the described protection and remedies where property rights existed." (P. 258.) (Italics ours.)

In view of the substantially identical language of the profits and damages clauses in the Patent Act (35 U. S. C. 70) and the Trade-Mark Act of 1905 (Sec. 19; 15 U. S. C. 99), it appears that the authorities construing that provision of the Patent Act apply with equal force to the corresponding provision of the Trade-Mark Act of 1905.

In the patent case of *Duplate Corp.* v. *Triplex Safety Glass Co.*, 298 U. S. 448, this Court defined profits as "what the infringer makes" and damages as "what the owner of the patent loses by such infringement". The same definitions must apply in trade-mark cases.

The Court of Appeals reached the illogical conclusion that the profits to be accounted for by the infringer should be measured by the damage to the Petitioner as a result of sales lost. The Petitioner was allowed to recover only the profits on the actual sales lost by the Petitioner to the Respondent. This might be an appropriate measure of damages, but it certainly is not a proper basis for awarding profits, and this Court has so held.

> "The wrongdoer must yield the gains begotten of his wrong." *Duplate Corp.* v. *Triplex Safety Glass Co.*, *supra*, at p. 457.

The ruling in the instant case is in conflict with the foregoing principle. Whereas a wrongdoer is required to yield up his gains from his sales of the infringing goods under the prevailing rule, the Court of Appeals in the instant case requires the wrongdoer to account only for the profits gained from infringing sales which the Petitioner can prove it would actually have made except for the infringement. This Court has rejected any such basis for assessing profits:

> "He (the infringer) cannot appeal to a court of conscience to cast the loss upon an innocent patentee and by judicial decree repeal the provision of Rev.

Stat. Sec. 4921, U. S. Comp. Stat. 1901, p. 3395, which declares that, in case of infringement, the complainant shall be entitled to recover the 'profits to *be accounted* for by the defendant'." *Westinghouse E. & M. Co.* v. *Wagner E. & M. Co.*, 225 U. S. 604, 620.

"But upon a bill in equity by the owner against infringers of a patent, the plaintiff is entitled to recover the amount of gains and profits that the defendants have made by the use of his invention." *Tilghman* v. *Proctor*, 125 U. S. 136, 144.

This Court pointed out, in *Leman* v. *Krentler-Arnold Hinge Last Co.*, 284 U. S. 448, that the profits which are recoverable against an infringer are in fact a compensation for the injury the patentee has sustained from the *invasion of his right.* The infringer is converted into a trustee for the profits from the infringement.

The same principle is enunciated in the leading case of *Hamilton-Brown Shoe Co.* v. *Wolf Bros. & Co.*, 240 U. S. 251:

"The right to use a trade-mark is recognized as a kind of property of which the owner is entitled to the exclusive enjoyment to the extent that it has been actually used (citing cases). The infringer is required in equity to account for and yield up his gains to the true owner upon a principle analogous to that which charges a trustee with the profits acquired by wrongful use of the property of the *cestui que trust.* • • • And profits are then allowed as an equitable measure of compensation, on the theory of a trust *ex maleficio.*" (P. 259.)

Continuing the same case, this Court quoted with approval the reasoning of the Supreme Court of California in *Graham* v. *Plate*, 40 Cal. 593, 598, 6 Am. Rep. 639, 640, as follows:

"In sales made under a simulated trade-mark, it is impossible to decide how much of the profit resulted from the intrinsic value of the commodity in the market, and how much from the credit given to it by the trade-mark. In the very nature of the case, it

would be impossible to ascertain to what extent he could have affected sales and at what prices except for the use of the trade-mark. No one will deny that *on every principle of reason and justice the owner of the trade-mark is entitled to so much of the profit as resulted from the use of the trade-mark.* The difficulty lies in ascering what proportion of the profit is due to the trade-mark, and what to the intrinsic value of the commodity; and as this cannot be ascertained with any reasonable certainty, *it is more consonant with reason and justice that the owner of the trade-mark should have the whole profit than that he should be deprived of any part of it by the fraudulent act of the defendant.*" (Italics ours.)

The instant case is within the scope of the above quoted decisions of this Court. The Court of Appeals for the Sixth Circuit disregarded but did not distinguish these decisions and affirmed the judgment of the District Court.

The fallacious legal theory upon which the instant case was decided is diametrically opposed to the controlling Act of Congress and the authority of this Court. If this case is permitted to become the law of the Sixth Judicial Circuit, the law of trade-marks will be seriously disturbed thereby.

(c).

This ruling conflicts with the holdings of the Courts of Appeals for the Third and Seventh Circuits in the same matter.

The decision of the Court of Appeals for the Sixth Circuit in the instant case conflicts with decisions of other Courts of Appeals on the same legal question.

Only a few months prior to the decision in the instant case, the Court of Appeals for the Seventh Circuit decided the case of *Aladdin Mfg. Co. v. Mantle Lamp Co. of America,* 116 F. 2d 708, and in that case, the said Court of Appeals followed the decision of this Court in *Hamilton-*

Brown Shoe Co. v. *Wolf Bros. Co., supra,* and the related authorities, and granted the relief provided for in Section 19 of the Trade-Mark Act of 1905 (15 U. S. C. 99).

In the *Aladdin* case, as in the instant case, an effort was made by the infringer, as in the instant case, to have the accounting for profits from trade-mark infringement limited "on the ground that no evidence of lost sales or of actual damages had been introduced".

The Court of Appeals for the Seventh Circuit in the *Aladdin* case rejected any such limitation on the accounting for profits and declared:

> "Under 15 U. S. C. A., Section 99 and Section 96, in an accounting for profits from infringement of a trade-mark, appellant was required to prove appellee's sales only and the latter was under obligation to prove all elements of costs which it claimed" (p. 712). "Gains and profits are still the proper measure of damages in equity suits, except in cases where the injury sustained by the infringement is plainly more than the aggregate of what was made by the respondent, in which event the provision is that the complainant shall be entitled to recover, in addition to the profits to be accounted for by the respondent, the damages he has sustained thereby (citing cases).
>
> "In law the infringer 'is regarded as a mere wrong doer compelled to make compensation for the injury he has inflicted. In equity, he has a double character, being first treated as a species of agent or trustee practicing the invention for the benefit of its true owner and obliged to pay to him the profits of the enterprise, and then, if, in the judgment of the court, the interests of the plaintiff so require, mulcted as a tort-feasor in a sum sufficient to redress the injury which the plaintiff has sustained.' 3 Robinson on Patents, § 1050." (p. 715).

The *Aladdin* case involves precisely the same question as the instant case, namely: *"When profits are assessed for infringement of a trade-mark registered under the Act of*

1905, may the trade-mark owner be required to prove lost sales and actual damage?" The Court of Appeals for the Seventh Circuit answered: *No.* The Court of Appeals for the Sixth Circuit answered: *Yes.*

The Court of Appeals for the Third Circuit in the case of *Duro Co.* v. *Duro Co.*, 56 F. 2d 313, recognized that the Trade-Mark Act of 1905 (Sec. 19, 15 U. S. C. 99) was controlling and stated:

> "Under the act of Congress, therefore, it is clear that in assessing profits, the plaintiff is only required to prove defendant's sales; defendant must prove all elements of cost which are claimed" (p. 314).

In the *Duro* case, the plaintiff used its mark on internal combustion engines and the defendant used the infringing mark on spark plugs. The infringer was required to account for profits on the theory that by using the infringing mark, the defendant appropriated to its spark plugs the reputation of the internal combustion engine manufacturer.

In the instant case, the right to profits on the infringing sales is even more apparent than in the *Duro* case. Here, the goods are identical, *i. e.*, rubber heels. Only the channels through which they reach the public are different. The Respondent sells its rubber heels separately. The Petitioner sells its rubber heels as a part of and attached to completed boots and shoes.

Obviously, a serious conflict exists between the decision of the Court of Appeals for the Sixth Circuit in the instant case and the decisions of the Courts of Appeals for the Third and Seventh Circuits in the *Duro* and *Aladdin* cases, respectively.

Point II.

The Court of Appeals for the Sixth Circuit Affirmed the Judgment of the District Court Which Found Damage to the Petitioner Arising Out of the Respondent's Acts of Trade-Mark Infringement, But Refused to Allow an Account for Damages.

(a) This refusal of damages ignores the controlling Act of Congress.

(b) This refusal of damages conflicts with the holdings of the Courts of Appeals for the Seventh Circuit in the same matter.

(a).

This holding ignores the controlling Act of Congress.

The Court of Appeals for the Sixth Circuit affirmed the judgment of the District Court which found that:

> "The heels sold by the defendant (Respondent) were of inferior quality as compared to the heels manufactured and sold by the plaintiff (Petitioner) and attached to their product and *this tended to destroy the good will created by the plaintiff in the manufacture of its superior product.* Likewise, when one of the defendant's heels was attached to footwear not manufactured by the plaintiff it would tend to cause purchasers to believe that the entire article of footwear was manufactured by the plaintiff." (R. 252, par. 11.) (Italics ours.)

Section 19 of the Trade-Mark Act of 1905 (15 U. S. C. 99) provides that:

> "* * * upon a decree being rendered in any such case for wrongful use of a trade-mark *the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby,* and the court shall assess the same or cause the same to be assessed under its direction." (Italics ours.)

The accounting for damages provided for in the Act of Congress was not allowed, even though the District Court found that the acts of the Respondent tended to destroy the Petitioner's good will to an extent beyond the particular article as to which profits were awarded.

(b).

This holding conflicts with the holding of the Court of Appeals for the Seventh Circuit in the same matter.

The refusal of the Court of Appeals for the Sixth Circuit to allow an accounting for damages in the instant case conflicts with the decision of the Court of Appeals for the Seventh Circuit in *Aladdin Mfg. Co.* v. *Mantle Lamp Co. of America, supra,* involving the same question.

In the *Aladdin* case an accounting for damages was ordered in accordance with, the provisions of the Trade-Mark Act, notwithstanding the fact that no proof of actual damage had been introduced. In the instant case it was found that the Respondent's trade-mark infringement tended to injure the Petitioner, but no accounting for damages was allowed.

The law of the Seventh Circuit on this proposition is shown by the following pertinent passage from the decision in the *Aladdin* case:

> "The Act of Congress looks to the recovery of 'damages'; it does not exclude exemplary damages; rather it must be taken to include all damages ordinarily recoverable under the facts and circumstances presented" (p. 716).

In both the *Aladdin* case and the instant case, there was injury to the trade-mark owner's good will. The Court of Appeals for the Seventh Circuit in the *Aladdin* case held that for such injury the complainant was entitled to compensatory damages. The Court of Appeals for the Sixth

Circuit, in the instant case, failed to allow an award of damages.

In the *Aladdin* case, exemplary damages were allowed because of the wilful and wanton conduct of the infringer.

The persistent and wilful infringement by the Respondent would appear to entitle the Petitioner to exemplary or punitive damages under the principle followed by the Court of Appeals for the Seventh Circuit in the *Aladdin* case. Obviously, a contrary and conflicting principle was invoked by the Court of Appeals for the Sixth Circuit, in the instant case.

Point III.

The Court of Appeals for the Sixth Circuit Refused to Enjoin the Continued Sale by the Respondent of Heels Bearing Marks Exactly Like the Infringing Marks Except for Color and Which by Association Had Acquired the Same Significance of Origin as the Infringing Marks.

(a) This involves a question of the law of trade-marks (and unfair competition) which has not been but should be settled by this Court.

A specimen of one type of rubber heel (Plaintiff's Exhibit No. 16) manufactured by the Petitioner and bearing the Petitioner's registered red circular figure trade-mark is illustrated in the photographic insert following page 22 of this Brief.

The District Court found and the Court of Appeals for the Sixth Circuit affirmed the finding that the Respondent's red circular figure trade-marks as exemplified in Plaintiff's Exhibits Nos. 79 and 54, in the photographic inserts infringed the Petitioner's registered trade-mark. The four other trade-marks shown on the heels of Plaintiff's Exhibits 59, 37, 33 and 48 illustrated in the photographic insert were not found to infringe and the sale thereof was not

enjoined. Failure to find that Respondent's trade-marks in colors other than red infringed is believed to have been error. The determination of whether the other marks infringe involves an important question of trade-mark law which has not been but ought to be settled by this Court.

The Respondent's orange circular figure trade-mark, exemplified in Plaintiff's Exhibit No. 59, and the infringing red circular figure trade-mark, exemplified in Plaintiff's Exhibit No. 79, *are exactly alike except for the slight difference in color.* The Respondent displayed its heels bearing these marks indiscriminately mixed together (R. 437) on the same counters, so that they were associated side by side when viewed by the purchasing public. It would be apparent to even the most casual customer that the orange circular trade-marked heels were products of the same manufacturer as the heels bearing the infringing red circular trade-marks.

The green circular trade-mark on Respondent's heel, identified as Plaintiff's Exhibit No. 37, and the infringing red circular trade-mark on Respondent's heel, identified as Plaintiff's Exhibit No. 54, *are exactly alike except in color.* When viewed side by side as Respondent displayed them, they unquestionably are intended to and do signify that the heels on which they appear emanate from the same source. It was the policy of the Respondent to display and mix the heels bearing these marks together so that the customers invariably viewed them side by side.

The Respondent's tan diamond trade-mark, as exemplified in Plaintiff's Exhibit No. 33, is definitely related to the heels bearing the Respondent's infringing red circular figure trade-mark (Plaintiff's Exhibit No. 79). Both bear the same Crusader head embossment. The heels bearing these trade-marks were mixed and displayed together on Respondent's store counters, thus enabling customers to observe their obvious relationship.

The Respondent's beige circular figure trade-mark, as exemplified in Plaintiff's Exhibit No. 48, while bearing a different embossment than either of Respondent's red circular marks, *was one of a group* of differently colored and differently embossed circular marks used on Respondent's heels and was identified with the infringing marks through side by side association of the heels bearing the respective marks.

It is respectfully urged that by its use of exactly the same marks in other colors and the indiscriminate mixing together of heels bearing the various marks, Respondent imparted to all its marks the same significance of origin as the red marked heels and Respondent should have been enjoined from selling heels bearing any and all of the trade-marks shown in the photographic insert.

The unique aspect of this case is that the infringer did not conscientiously avoid infringement after notice, but persisted for a long time after notice, and, while seeming to reassure Petitioner, took advantage of its continued flagrant use of the infringing red marks to establish, by similarities and mixing, such relationship of other color marks to the red marks that its other color marks would eventually serve the purpose of the red marks and signify the same origin as the red marks.

The Patent Office tribunals and the courts on appeal therefrom have consistently held that color alone is not a sufficient distinction to avoid infringement.

Also the Court of Appeals for the Eighth Circuit in *Layton Pure Food* v. *Church & Dwight*, 182 Fed. 35, held that the infringer could not use an annular band of any color on its labels, regardless of the trade-names and pictures which might be associated therewith because of the plaintiff's prior adoption of a colored annular band.

On the other hand, it was remarked by the Court of Appeals for the Sixth Circuit in deciding the instant case

that a red cross, for example, would distinguish from a black cross sufficiently to avoid infringement.

It is evident that the law of trade-marks is not settled as to whether an infringer can avoid infringement by mere change of color. Nor has it been settled whether an infringer can mix the identical goods bearing infringing and otherwise non-infringing marks together so as to establish a relationship between them and to extend the reputation of the infringing mark to the goods bearing the marks which might otherwise not infringe.

In view of the importance of this question to the field of trade-mark law, and the subtle effectiveness of this technique for continuing and extending the benefits of infringement, it is urged that this Court should explore the question and settle the law with respect thereto.

Conclusion.

Wherefore, Petitioner earnestly prays that the Petition for Writ of Certiorari be granted, the case be reviewed, and the decree of the Court of Appeals for the Sixth Circuit, denying the petitioner the relief to which it is entitled by law, be reversed.

Respectfully submitted,

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

By GEORGE L. WILKINSON,
38 South Dearborn Street,
Chicago, Illinois,
Counsel for Petitioner.

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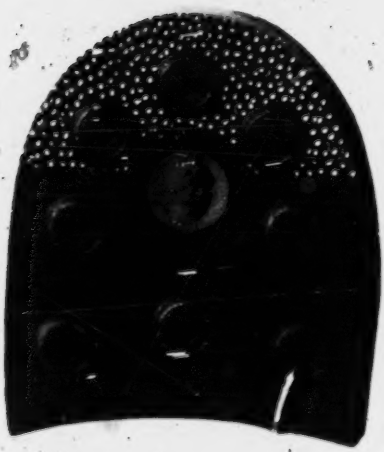
176 West Adams Street,
Chicago, Illinois,
Of Counsel.

PETITIONER'S HEEL

PLAINTIFF'S EXHIBIT
NO. 16

RESPONDENT'S HEELS



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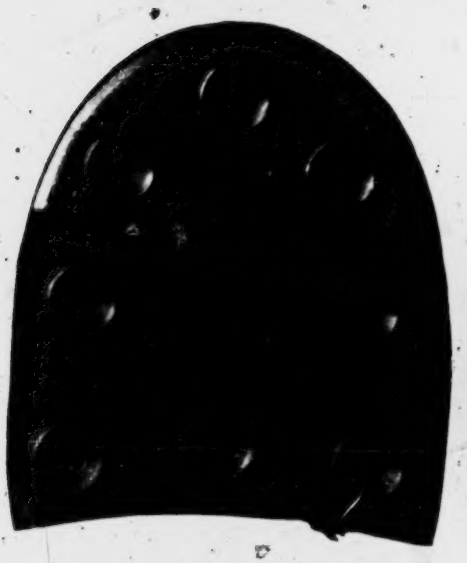
RESPONDENT'S HEELS



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PLAINTIFF'S EXHIBIT
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PLAINTIFF'S EXHIBIT
NO. 48

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1941.

No. 649

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

vs.

S. S. KRESGE COMPANY,

Respondent.

PETITIONER'S REPLY TO RESPONDENT'S BRIEF.

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THE BLAKELY-WARREN PRINTING COMPANY, 810 WEST JACKSON, CHICAGO

IN THE

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Petitioner,

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S. S. KRESGE COMPANY,

Respondent.

PETITIONER'S REPLY TO RESPONDENT'S BRIEF.

Respondent's brief ignores certain facts and principles of law and contains certain misleading implications. Accordingly the petitioner avails itself of its right, under paragraph 4(a) of this Court's Rule 38 to reply to the respondent's brief.

The brief for respondent ignores the following facts found by the District Court and which were not and could not have been set aside by the appellate court as it did not hold them to be "clearly erroneous" (Rule 52(a), Rules of Civil Procedure):

1. Petitioner's U. S. trade-mark registration is valid (R. 250, Par. 3).

2. It was infringed by respondent (R. 252, Par. 12).

3. It was difficult to distinguish respondent's products from petitioner's (R. 251, Par. 8).

4. Respondent's heels were of inferior quality, and tended to destroy the good-will of petitioner (R. 252, Par. 11).

5. Resondent's acts created confusion (R. 251, Par. 9).

6. Respondent's methods constituted unfair competition (R. 251, Par. 12).

Respondent's brief disregarded the following legal principles:

1. The owner of a U. S. registered trade-mark is entitled to recover the profits which the infringer has derived from its infringing acts, and "is required to prove defendant's sales only" (Sec. 19, Trade-Mark Act 1905—15 U. S. C. 99).

2. The infringer, and not the trade-mark owner, has the burden of proving that the sales of goods bearing the infringing trade-mark were due to other reasons than the presence of the infringing trade-mark. (*Hamilton-Brown Shoe Co.* v. *Wolf Bros. & Co.*, 240 U. S. 251.)

3. Proof of fraud on the part of the trade-mark infringer is not necessary to the recovery of profits by the trade mark proprietor (R. 443; *Lawrence Mfg. Co.* v. *Tennessee Mfg. Co.*, 158 U. S. 537, 549).

4. The infringement of a trade-mark is not limited to an exact copying, but is present when the mark of the infringer is different from but is sufficiently similar to that of the plaintiff as to tend to cause confusion. (*Northam Warren Corp.* v. *Universal*, 18 F. 2d 774, C. C. A. 7.)

5. Where a trade-mark has been held valid and infringed in an interlocutory decree, the extent of the profits of the infringer or the amount of damages are then to be

ascertained in an accounting. Sec. 19 Trade-Mark Act, 15 U. S. C. 99, provides that *upon a decree being rendered* holding wrongful use of a trade-mark, the profits and damages shall be assessed.

Specific Criticisms of Respondent's Brief.

Incomplete Quotation.

The respondent states on page 5 of its brief that the petitioner's bill of complaint prayed only that respondent be enjoined "from directly or indirectly using the said red mark". A false impression is conveyed by the respondent's failure to quote the entire passage. Actually, the bill of complaint prays that respondent be enjoined "from directly or indirectly using the said red mark *in connection with the manufacture or sale of heels for boots or shoes, or any imitation or simulation thereof, or any mark, designation, arrangement, ensemble, or dress that is likely to deceive or confuse purchasers or users.*" (R. 7.) The Respondent failed to quote the italicized portion, and yet without that portion, the quotation is incomplete and misleading.

Inconsistency.

The respondent's assertion on page 14 of its brief that its trade-mark infringement did not interfere with interstate or foreign commerce, is inconsistent with its answers to the petitioner's interrogatories Nos. 5, 9 and 10 (R. 20, 22, 23). In those interrogatories the respondent was asked whether it was shipping or causing to be shipped in interstate commerce and selling in various states the heels complained of, and in each instance the respondent answered "Yes". It is too late now for the respondent to deny that it was engaged in interstate commerce and to allege, on that ground, that the Trade-Mark Act of 1905 is not applicable.

Substance and Procedure.

The respondent, on page 10 of its brief, cites the case of *American Trading Co.* v. *Heacock Co.*, 285 U. S. 247, 258, in support of the proposition that the property rights in trade-marks rest upon the laws of the several states. From this, the respondent reasons, as did the Court of Appeals, that the proof to be required of the trade-mark owner in an accounting for profits is substantive law and should be determined by the local law of the state, notwithstanding the contrary provisions of the Trade-Mark Act of 1905.

This view conflicts with the statement made by this Court, in the very case cited by the respondent, *American Trading Co.* v. *Heacock Co., supra,* that it is the purpose of the Trade-Mark Act of 1905 "to provide appropriate procedure and to give the described protection and remedies where property rights exist". We understand this language to mean that the Trade-Mark Act of 1905 is *procedural.* If this understanding is correct, the provision of the Act that "in assessing profits the plaintiff shall be required to prove defendant's sales only" is procedural, and is controlling in the case at bar.

This view finds support in the decision of the Court of Appeals for the Third Circuit in *Duro Co.* v. *Duro Co.*, 56 F. 2d 313, and in the decision of the Court of Appeals for the Seventh Circuit in *Aladdin Mfg. Co.* v. *Mantle Lamp Co. of America*, 116 F. 2d 708.

The opposite view is taken by the Court of Appeals for the Sixth Circuit in the present case, wherein it is impliedly decided that the assessing of profits for trade-mark infringement is substantive law, that Congress has no power to regulate the procedure in assessing of profits, and that, accordingly, that portion of the Trade-Mark Act of 1905 is superseded by the decisional law of Michigan. It is sub-

mitted that this decision not only ignores the controlling Act of Congress, but also it conflicts with the decisions of this Court and other Courts of Appeals, and it should be reviewed by this Court.

Comparative Summary Chart.

The respondent has incorporated in its brief a "Comparative Summary Chart" which is misleading in several respects. It classifies the petitioner's red circular figure as "Ornamentation" instead of as a trade-mark. The fact is that the petitioner's red circular figure is usually embosed with the words "Trade-Mark" and is registered, *per se*, as a trade-mark in the United States Patent Office (R. 338-339). The respondent has minimized the trade-mark significance of the colored inserts on its own heels in the same manner by classifying these markings as "Ornamentation".

Furthermore, by itemizing the numerous incidental characteristics of petitioner's and respondent's heels, the Comparative Summary Chart tends to exaggerate incidental features which the average customer would be unlikely to observe or remember.

Courts Should Not Ignore Statute.

The respondent contends that the Trade-Mark Act of 1905 does not deprive the courts of their right, in cases of trade-mark infringement, to decide for themselves when an accounting for profits should be awarded. We do not dispute this contention, but we submit that it is not involved here.

In the present case, the District Court in the exercise of its discretion, ordered an accounting of the infringer's profits. The accounting procedure is plainly and un-

equivocally prescribed by the Trade-Mark statute—"plaintiff shall be required to prove defendant's sales only".

It is our contention that the lower court erred in amending its accounting award, at the request of the infringer, to require the petitioner to prove matters which the controlling Act of Congress provides that a plaintiff shall not be required to prove. We urge, further, that the Court of Appeals not only erred in approving such accounting procedure, but also, that in doing so, the Court of Appeals disregarded and acted contrary to the controlling Act of Congress.

In brief, we agree that the courts may determine *when* to allow an accounting, but when they have awarded an accounting, as in the instant case, they are limited by statute in what they can require the trade-mark owner to prove.

The Respondent Misconstrued the Following Authorities.

The case of *Straus* v. *Notaseme*, 240 U. S. 179, 181, was a case of unfair competition only, and is not applicable in the present case involving infringement of a registered trade-mark. In that case the plaintiff had deliberately misrepresented that its trade-mark was registered, which it was not, and Mr. Justice Holmes stated that the liability of the defendant must be derived from unfair competition if it exists.

In the case of *Hamilton-Brown Shoe Co.* v. *Wolf Bros. & Co.*, 240 U. S. 251, this Court *did not* exclude from the accounting for profits the goods which were marked clearly as having been manufactured by the defendant, as that question was not before it for review. This Court approved the order for an accounting which was appealed to it; and this order required the infringer to account for profits derived from the sale of the goods bearing the in-

fringing mark, *including those bearing the name of the defendant*. Obviously, the respondent's argument, that the petitioner should not be entitled to recover the profits on the infringing heels bearing the respondent's name, is not only not supported by this authority, but it is directly contradicted by it.

The respondent quotes on page 32 of its brief from the decision of this Court in *Leschen* v. *Broderick*, 201 U. S. 166, 171, that "a trade-mark which may be infringed by a streak of any color however applied, is manifestly too *broad.*" *It is* apparent from a consideration of the opinion that this Court was objecting to the vague character of a streak as a trade-mark for rope, and the indefiniteness as to how such a streak was applied to the rope.

This case did not explore the question of whether an infringer can avoid infringement by merely changing the color of an otherwise infringing mark. The petitioner respectfully urges that this is an important question in trade-mark law which should be settled by this Court.

The respondent endeavors to differentiate between the decision of the Seventh Circuit Court of Appeals in the case of *Aladdin Mfg. Co.* v. *Mantle Lamp Co. of America*, 116 F. (2d) 708, and the present case on the ground that in the *Aladdin* case the infringer was found guilty of wanton, wilful and intentionally fraudulent infringement and unfair competition.

In the *Aladdin* case, the infringer's fraud was considered by the court in determining that the complainant was entitled to *punitive* damages in addition to *compensatory* damages. However, the Seventh Circuit Court of Appeals followed the accounting procedure prescribed in the Trade-

Mark Act of 1905, without regard to the infringer's fraudulent conduct.

Moreover, it has frequently been held that wrongful use of a trade-mark is itself evidence of an intent to defraud, and that it is not necessary to prove fraud on the part of a defendant in order to obtain relief in a case of trade-mark infringement. *Lawrence Mfg. Co.* v. *Tennessee Mfg. Co.*, 138 U. S. 537, 549. Obviously, then, the express finding of fraud, which is the only ground on which the respondent seeks to distinguish the *Aladdin* case from the instant case, does not serve to distinguish the two cases and does not overcome petitioner's contention that there is a conflict between these decisions which ought to be settled by this Court.

Patent Act Not Identical.

The respondent cites *Westinghouse Mfg. Co.* v. *Wagner Mfg. Co.*, 225 U. S. 604, 614, a patent case, as authority for the proposition that in an accounting, the plaintiff must first prove the existence of profits attributable to his inventions. The respondent urges that since the Trade-Mark Act of 1905 and Rev. Stat. 4921 (the Patent Act) contain certain identical language, the above authority is controlling in trade-mark cases.

This argument is dangerously misleading for the reason that, while the two statutes are in harmony as to when an accounting will be ordered, the Trade-Mark Act of 1905 contains the additional clause that "in assessing profits the plaintiff shall be required to prove defendant's sales only," and no corresponding language is to be found in the Patent Act.

Consequently, and despite the respondent's argument to the contrary, when an accounting of profits for trade-mark infringement has been ordered, the plaintiff is not required to prove the existence of profits attributable to the use of the infringing mark. He is required to prove the infringer's sales only. *This is statutory, and no asserted*

parallelism between patent and trade-mark cases can defeat it.

Conclusion.

In view of the foregoing considerations, it is submitted that the grounds upon which petitioner has prayed that a Writ of Certiorari be granted and that this case should be reviewed have not been effectively met, and that the Writ should be allowed.

Respectfully submitted,

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1941.

No. 649

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

vs.

S. S. KRESGE COMPANY,

Respondent.

BRIEF FOR PETITIONER.

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IN THE

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OCTOBER TERM, 1941.

No. 649.

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

vs.

S. S. KRESGE COMPANY,

Respondent.

BRIEF FOR PETITIONER.

Opinions Below.

The opinion of the District Court (R. 120, 124, 126, 131, 132) is not reported. The opinion of the Circuit Court of Appeals (R. 153) is reported in 119 F. 2d 316.

Jurisdiction.

The judgment of the Circuit Court of Appeals was entered on April 18, 1941; petition for rehearing denied June 25, 1941 (R. 163). The petition for writ of certiorari was filed on September 24, 1941, and was granted on November 10, 1941 (R. 164). The jurisdiction of this Court is invoked under the following statutes. Sec. 240(a) of the Judicial Code, as amended, 28 U. S. C. 347; 28 U. S. C. 350, and Sec. 18 of the Trade-Mark Act of 1905, as amended, 15 U. S. C. 98.

Statement of the Case.

Petitioner, Mishawaka Rubber and Woolen Manufacturing Company, of Mishawaka, Indiana, brought an action in equity in the District Court for the Eastern District of Michigan, against the respondent, S. S. Kresge Company (R. 1), and sought an injunction against trade-mark infringement and unfair competition and also prayed an account of profits and damages for the infringement of Petitioner's registered trade-mark No. 36,471 (R. 133), and for unfair competition. The case was submitted for final hearing, by stipulation of the parties (R. 116), approved by the Court (R. 116), upon the record before the Court on motion for preliminary injunction. The District Court found Respondent guilty of both trade-mark infringement and unfair competition after direct notice and ordered an injunction and an accounting of profits (R. 123).

The injunction, however, was indefinite in its terms and was limited to selling or offering for sale or aiding and abetting others, either directly or indirectly, in selling or offering for sale rubber heels bearing red or reddish circular ball figures appearing on the face portion of the heel, or any imitation thereof so nearly resembling the ornamental dress of the heels of Petitioner as to be calculated to deceive the ordinary purchaser as to the source of such goods (R. 131).

The accounting not only was limited to profits but was further limited to require the Respondent to account only for the profits derived from its sales of infringing heels which Petitioner could prove were made:

> "to purchasers who were induced to buy because they believed the heels to be those of plaintiff and which sales plaintiff would otherwise have made" (R. 131).

Petitioner, feeling that it had been denied adequate relief both as to an injunction and to an accounting, appealed to the Circuit Court of Appeals for the Sixth Circuit. That

court refused further relief, and affirmed the judgment of the District Court (119 F. 2d 316) (R. 153).

The Court of Appeals did not, and could not, set aside the findings of the District Court as it did not hold them to be "clearly erroneous" (Rule 52(a), Rules of Civil Procedure). Pertinent findings of the District Court may be concisely stated as follows:

1. *Petitioner's U. S. trade-mark registration is valid* (R. 121, Par. 3).

2. *It was infringed by Respondent* (R. 122, Par. 12).

3. *It was difficult to distinguish Respondent's products from Petitioner's* (R. 121, Par. 8).

4. *Respondent's heels were of inferior quality, and tended to destroy the good-will of Petitioner* (R. 122, Par. 11).

5. *Customers would naturally be misled by Respondent's markings* (R. 122, Par. 9).

6. *Respondent's methods constituted unfair competition* (R. 122, Par. 12).

7. *Respondent's infringement and unfair competition continued after direct notice* (R. 123, Par. 5).

Petitioner believed that the relief afforded by the judgment affirmed by the Court of Appeals was not commensurate with the findings above quoted, and accordingly petitioned that court for rehearing. Rehearing was denied on June 25, 1941 (R. 163).

Petitioner then filed a petition for writ of certiorari in this Court, in which three questions were presented. This Court on November 10, 1941 granted the petition for writ of certiorari (R. 164), limited to the first and second questions presented therein, reading as follows:

1. Where accounting of profits is ordered for infringement of a trade-mark registered under the Act of 1905, are

profits restrictable to sales to purchasers who were induced to buy because they believed the goods to be those of the trade-mark owner and which sales the trade-mark owner otherwise would have made?

2. Where a decree is rendered for wrongful use of a trade-mark registered under the Act of 1905 and the District Court, whose judgment is affirmed, found that defendant's infringement tended to destroy plaintiff's good will to an extent beyond the particular articles as to which profits are awarded, should damages be denied?

Specification of Errors to Be Urged.

1. The court below erred in requiring the Petitioner to prove lost sales and actual deception in the accounting for profits from trade-mark infringement.

2. The court below erred in disregarding the provision of the Trade-Mark Act of 1905 (15 U. S. C. 99) that "in assessing profits, the complainant shall be required to prove the defendant's sales only."

3. The court below erred in construing the accounting provision of the Trade-Mark Act of 1905 as substantive law, and in holding that such provision of the Act of Congress is superseded by the local state law under the doctrine of *Erie Railroad* v. *Tompkins*, 304 U. S. 64.

4. The court below erred in failing to recognize and apply the principles relating to accounting for profits from trade-mark infringement stated by this Court in *Hamilton-Brown Shoe Co.* v. *Wolf Bros. & Co.*, 240 U. S. 251, and other cases.

5. The court below erred in refusing to allow the Petitioner to be compensated for the damages it had sustained as a result of the Respondent's acts of trade-mark infringement.

6. The court below erred in disregarding the provision of the Trade-Mark Act of 1905 that "the complainant shall be entitled to recover * * * the damages the complainant has sustained thereby."

Summary of Argument.

1. The owner of a U. S. registered trade-mark is entitled to recover the infringer's profits, and, in assessing profits, the complainant is "required to prove defendant's sales only" (Sec. 19, Trade-Mark Act 1905—15 U. S. C. 99).

2. Where the right to the exclusive enjoyment of a trade-mark is invaded, the infringer is required to account for and yield up his gains to the true owner (*Hamilton-Brown Shoe Co.* v. *Wolf Bros. & Co.*, 240 U. S. 251).

3. Proof of fraud on the part of the trade-mark infringer is not necessary to the recovery of profits by the trade-mark proprietor; (*Lawrence Mfg. Co.* v. *Tennessee Mfg. Co.*, 138 U. S. 537, 549).

4. Damages are not limited to an exact copying of a trade-mark, but are recoverable when the mark of an infringer is colorably different from but is sufficiently similar to that of the plaintiff to tend to cause confusion (15 U. S. C. 96; *Northam Warren Corp.* v. *Universal*, 18 F. 2d 774, C. C. A. 7).

5. Where a trade-mark has been held valid and infringed in an interlocutory decree, the extent of the profits of the infringer and the amount of damages are then to be ascertained in an accounting. Sec. 19 Trade-Mark Act, 15 U. S. C. 99, provides that *upon a decree being rendered* holding wrongful use of a trade-mark, the profits and damages shall be assessed.

ARGUMENT.

History of Petitioner's Trade-Mark.

The Petitioner has been in business since 1868, and has continuously since then been engaged in the manufacture, sale and distribution of footwear of different kinds, beginning with woolen footwear and adding to its line different types of footwear such as rubbers, rubber boots, combination leather and rubber footwear with heels attached thereto, leather footwear and rubber footwear with heels attached thereto, leather shoes, combination leather and cloth shoes, as well as leather boots (R. 31).

Continuously since about October 15, 1891, Petitioner has used a circular figure of red color as a trade-mark for its goods and this trade-mark has been applied directly to the tread face of Petitioner's rubber heels at approximately the center thereof, continuously since 1898 (R. 32).

In April, 1898, Petitioner applied for registration of its red circular figure trade-mark, and registration No. 36,471 (Plaintiff's Exhibit 21, R. 133) covering this trade-mark was issued to this Petitioner on May 26, 1901. This registration was renewed on May 26, 1931, under the Trade-Mark Act of 1905, and is at the present time in existence and owned by Petitioner (R. 38).

The registration (R. 133) comprises a drawing showing a circular figure lined for red, and a specification which contains the following statements as to the nature of the registered trade-mark:

> "Said trade-mark consists of the arbitrarily selected representation of a circular figure or ball colored red. • • • While such facsimile is in India ink, it is, as stated, the preference of said company to employ red

color for such representation of a circular figure of a ball. • • •

"The purpose sought is to employ a color sufficiently distinctive to produce an impression upon the eye which will be retained by the memory."

In the early part of 1898, Petitioner, in applying its trade-mark to the rubber heels of its boots and shoes, provided a circular recess in the tread face of the heel, and a thin, red disc which contrasted with the color of the heel body was placed and secured in the bottom of this recess. This practice was continued until 1917. In 1917, in order to make the mark more enduring, Petitioner began embedding in the heel a circular plug of red color which contrasted with the color of the heel body, and as the heel wore down, the plug would wear with it and thus be present and visible on the under surface of the heel during the life of the heel (R. 36).

Since 1891, Petitioner has very extensively advertised and publicized its said trade-mark. This advertising was carried on in different ways, by means of catalogs, pamphlets, printed circulars, newspaper advertising, window displays, and extensive advertising in periodicals and magazines (R. 41). Samples of this advertising appear in Plaintiff's Exhibits 11, 26, 27 and 39, and particularly on pages 27 and 29 of Exhibit 13, and page 39 of Exhibit 11.

Additional specimens of Petitioner's advertising are contained in Plaintiff's Exhibit No. 26, and of these, the following are representative: *The Farm Journal*, November, 1919 (inside front cover), and January, 1922. *The Kansas Farmer and Mail and Breeze*, December 13, 1919 (page 17). *The Country Gentleman*, representative specimens. *Wallace's Farmer*, March 10, 1922 (back cover). *The Saturday Evening Post*, January 9, 1926 (reproduction of double page advertisement). *Colliers*, November 24, 1934 (inside back cover). *The Literary Digest*, De-

cember 1, 1934 (inside front cover). A large part of the advertising in the periodicals and magazines was carried in farm journals and farm trade papers, and in all of this advertising the red circular figure was prominently displayed and conspicuously set forth as an identifying mark of origin (R. 42), although where color printing was not available, this trade-mark was white instead of red (Plaintiff's Exhibit 11, 39 P. 23).

The Petitioner spent three and one-quarter million dollars ($3,250,000) between 1909 and 1934 (R. 41), and many thousands of dollars more prior to that time, advertising its products and the red circular figure trade-mark by which Petitioner's products are identified (R. 42). This amount of three and one-quarter million dollars ($3,250,000) is exclusive of such expenditures as were made for catalogs, circulars, cartons, shipping cases, etc.

The advertising was carried on in every State of the Union and in many foreign countries, and the magazines and periodicals commonly and extensively used for such advertising averaged a circulation of fifteen million (R. 44). (A list of publications used is set out on page 42 of the Record.)

In all of its advertising and on its catalogs and circulars, the Petitioner featured prominently its red circular figure trade-mark. As early as 1900-1901, the Petitioner used the red circular trade-mark at the center of the heel as shown in the heel illustrations comprising the border of the cover of Petitioner's 1900-1901 catalog. (See Plaintiff's Exhibit No. 10.) For convenient reference, we have included a photographic reproduction of the back cover of this 1900-1901 catalog, showing the red circular figure trade-marks at the centers of the heels. This photograph is inserted opposite page 8 of this brief.

Between October 1891 and December 31, 1934, the said trade-mark was used on goods and merchandise sold to

BACK COVER OF PETITIONER'S 1900-1901 CATALOG

PLAINTIFF'S EXHIBIT
NO. 10

the extent of three hundred and seventy million dollars ($370,000,000). During the same period, the value of all footwear sold by Petitioner having rubber heels attached thereto and bearing the red circular figure trade-mark on the tread face amounted to one hundred and eighty-five million, seven hundred thousand dollars ($185,700,000). Between October 15, 1891 and 1934, Petitioner sold approximately one hundred and fifty million (150,000,000) rubber heels bearing the red circular mark. The heels so sold were attached to the Petitioner's footwear excepting such shipments as were made to New Zealand (R. 40).

In 1935, Petitioner had more than sixty-one thousand (61,000) customers and dealers who bought and distributed goods of the Petitioner bearing the trade-mark, and the places of business of these dealers and customers were distributed throughout every State in the Union, the District of Columbia, and many foreign countries (R. 40).

During this period of time, the public acquiesced in the said trade-mark of the Petitioner, and respected it, and only on two occasions was the Petitioner forced to resort to a law suit to protect its exclusive rights to the mark, and in both instances Petitioner was successful (R. 44). Numerous oppositions were filed in the United States Patent Office by Petitioner against applicants seeking to register trade-marks similar to the trade-mark involved in this case, and in these opposition proceedings, Petitioner was successful (R. 97).

Since the early part of 1898, Petitioner has applied its trade-mark continuously and consistently to the tread face of its rubber heels at the approximate center thereof and in a color (red) which contrasted conspicuously with the color of the heel. For convenient reference, a colored photograph showing a specimen of this heel is included in this brief following page 10. This heel is identified as "Petitioner's Heel" and is designated as "Plaintiff's

Exhibit No. 16." Likewise, Respondent's heels as hereinafter described are shown in this photographic insert.

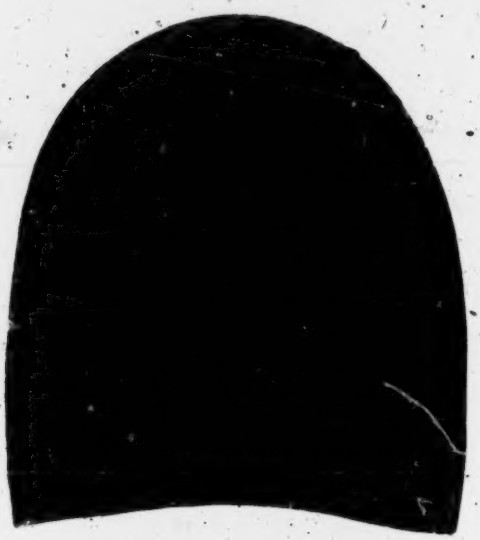
In deciding the case of *James Heddon's Sons* v. *Millsite Steel & Wire Works, Inc.*, 35 F. Supp. 169, 175 (U. S. D. C., E. D. of Mich.), Judge Tuttle made the following statement which is exceedingly pertinent to Petitioner's trade-mark:

> "There are many big businesses that have grown up wherein they have taken one little thing, one slogan, one name, one designation, one design, and used it for years. For example, the rubber boot cases, in which the little round red spot on the rubber boot came to mean a particular maker—I remember my father telling me when a boy that the red spot meant that they were good boots and that they were made by a good concern. That little round, red spot on a rubber boot went on through the years, and, of course, it became of great value to the manufacturer, and any other manufacturer that would commence using it would steal some business. Even though a defendant made its product very different in every other respect, the little round red spot would be likely to deceive. They had a right in that mark, and that is something very different from the situation here presented."

Respondent's Acts of Infringement.

In the early part of 1933, Respondent began selling in its stores throughout the United States, rubber heels having a red circular figure mark in the nature of an embedded plug located substantially centrally of the tread face of the heel. The outer face of this red circular figure mark, which Respondent began to use, was embossed with a Crusader's head, and said heels also bore the name "Crusader." (See Photostatic Insert, Exhibit No. 79.) The Respondent's name, S. S. Kresge, appeared on most of these heels, but not on all of them.

PETITIONER'S HEEL



PLAINTIFF'S EXHIBIT
NO. 16

RESPONDENT'S HEELS

PLAINTIFF'S EXHIBIT
NO. 79

PLAINTIFF'S EXHIBIT
NO. 59

RESPONDENT'S HEELS

PLAINTIFF'S EXHIBIT
NO. 54

PLAINTIFF'S EXHIBIT
NO. 37

PLAINTIFF'S EXHIBIT
NO. 33

PLAINTIFF'S EXHIBIT
NO. 48

The above described heel was of such a nature that the lettering on the tread surface thereof and the embossed design on the red circular figure would tend to wear off, thus leaving a plain red circular figure located substantially centrally of the tread surface of the heel. Thus even the secondary characteristics of this heel, relied upon by Respondent to distinguish it from Petitioner's heel, would tend to disappear so that after being worn for a while, it could not be distinguished from Petitioner's heel (R. 20). These heels were made for the Respondent by Essex Rubber Company.

Immediately upon learning of this display and sale in Respondent's stores of the aforesaid rubber heels, Petitioner, under date of May 5, 1933, notified Respondent of its long prior use of the red circular figure as a trademark on footwear including rubber heels and demanded that Respondent discontinue at once putting out rubber heels with the red circular figure mark (R. 138). Respondent acknowledged this notice on May 9, 1933 (R. 139) and replied thereto on May 19, 1933, stating that Respondent "will not sanction the sale of merchandise which infringes other trade marks," and assured Petitioner that it would change its mark (R. 140), whereupon Petitioner on May 25, 1933 advised Respondent that it would expect Respondent to change the red Crusader mark promptly and in such a way that there would be no further possibility of conflict with Petitioner's mark (R. 140).

Petitioner relied upon the promises of the Respondent, made in May 1933, but later learned, in the early part of 1934, that Respondent was not only continuing to display and sell rubber heels bearing red circular marks which Petitioner had complained of on May 5, 1933, but was also displaying and selling therewith rubber heels bearing the identical mark in an orange color (Exhibit 59 —Photographic Insert). Petitioner then on February 15, 1934 reminded Respondent of its May 19, 1933 assurance

and asked for an explanation of the continued sale of such heels (R. 141). In reply Respondent on February 16, 1934 disclaimed any knowledge of any infringing marks (R. 142). Thereupon Petitioner had an investigation made in a number of Respondent's stores in scattered locations to make sure that such continued use of the mark was not in isolated and perhaps unintentional instances (R. 49), and Petitioner then found that Respondent not only was displaying and selling in a widespread manner rubber heels bearing both the red and the orange circular Crusader marks and also rubber heels bearing a tan circular mark with an eagle design impressed thereon (Exhibit 48—Photographic Insert), but also, in the display and sale thereof, was mixing and associating together all of the heels bearing these various marks. In the course of this investigation, Petitioner's representatives visited stores of Respondent in thirteen different States of the Union and purchased in these stores rubber heels bearing the red and orange circular marks referred to and also the tan circular mark (R. 50). Upon completion of this investigation, Petitioner, under date of June 14, 1934, called the matter to the attention of Respondent, reviewing all of the previous correspondence and demanded discontinuance of the display and sale of rubber heels bearing marks in red, pink, orange, yellow or any other colors in which Respondent had been displaying such marks, which, by virtue of mixing and long association, had acquired the same significance of origin as the red circular marked heels (R. 142).

At that time, Respondent replied that the Essex Rubber Company was undoubtedly using up its old stock of heels bearing the red circular mark (R. 144). In response to this letter, Petitioner again wrote Respondent stating that their explanation was not satisfactory, and in reply Respondent merely advised that they were writing their stores to dis-

continue ordering rubber heels from the Essex Rubber Company (R. 145).

Petitioner, on July 12, 1934, again wrote Respondent and demanded that the infringement which had been going on for more than a year should cease (R. 147), to which letter Respondent made no reply. Then under date of August 11, 1934 the attorney for Petitioner wrote Respondent (R. 149), to which Respondent made reply on August 31, 1934, containing a vague threat, and under date of September 11, 1934 the attorney for Petitioner replied to that letter (R. 150).

Despite its assurances that it would not sanction infringement, the Respondent continued to sell Essex-made red circular insert heels until enjoined by preliminary injunction, more than two years later, August 5, 1935. Mixed and associated with said heels, the Respondent sold another variety of Essex-made heels, exactly the same in every respect except that the inserts were colored orange instead of red and also heels with tan circular inserts made by Boston Woven Hose & Rubber Co.

About July 1, 1934, more than a year after promising to discontinue selling heels with red circular inserts, the Respondent began to sell heels with red circular inserts which it procured from a new source, O'Sullivan Rubber Co. (R. 87). These heels were substantially the same as the previously complained of heels except that they bore the name "Sure Foot" and the red circular figure was embossed with an Indian head (Exhibit No. 54—Photographic Insert). The O'Sullivan Rubber Co., prior to the time it began supplying the Respondent, had been manufacturing and selling rubber heels with an Indian head embossed thereon, as shown in Plaintiff's Exhibit 38 (not shown in Photographic Insert) and in various other exhibits. This heel did not employ a circular insert of contrasting color, but instead bore in relief the Indian head formed of the same

color as the body of the heel, and forming an integral part of the heel so that when the face of the heel wore off, the Indian head would be entirely obliterated and the tread face of the heel would then be a smooth surface. This Indian head exemplified in Exhibit 38 is the circular ornamentation referred to in the affidavit of the Secretary of the O'Sullivan Rubber Co. (R. 90). The heels with red circular inserts were manufactured by the O'Sullivan Rubber Co. and supplied to Respondent, and in view of the fact that the O'Sullivan Co. had not previously manufactured heels with a circular-shaped insert contrasting in color to the body of the heel, the conclusion naturally follows that the O'Sullivan Co. was directed as to the nature of the heel to furnish Respondent. With reference to its original choice of red inserts, the Respondent explained that its purpose in using inserts of red color is that its store fronts are red (R. 86).

Subsequently, the Respondent began selling other heels, identical in every respect to these last described red circular insert heels except that their circular insert was green instead of red (Exhibit 37—Photostatic Insert). These red and green insert heels were sold side by side and mixed together on Respondent's heel display counters, and indiscriminately mixed with the previously described heels with circular marks in red, orange, and beige or tan (R. 29, 61, 72, 82, 100). Another variety of "Crusader" heel with a yellow diamond insert (Exhibit 33—Photostatic Insert) was also mixed with all these other types of heels, and this sales policy continued, notwithstanding Petitioner's repeated complaints, until August 5, 1935, when the District Court (Judge Tuttle), by preliminary injunction, enjoined further sale, by the Respondent, of heels with red circular inserts, and ordered the Respondent to discontinue buying heels with orange circular inserts (R. 115).

District Court's Findings of Fact.

The proceedings in the District Court subsequent to its original findings of fact, were extensive, due to numerous amendments and additions to the findings of fact originally entered by the Court. However, the essential and controlling facts originally found and retained throughout the amendments and additions are as follows:

> "Continuously since on or about 1898 the plaintiff has used a trade-mark for its goods consisting of a circular figure or ball colored red and applied directly to the tread face of the plaintiff's rubber heels at approximately the center thereof. This trade-mark was registered in 1901 and its registration has been renewed and all rights to said trade-mark are still owned by the plaintiff." (R. 121, par. 3.)
>
> "* * * the trade-mark (of defendant) is so applied that the most prominent part is a circular plug of red or reddish color so closely resembling that of the plaintiff that it is difficult to distinguish the products sold by the defendant from the plaintiff's products." (R. 121, par. 8.)
>
> "The ordinary purchaser, having become familiar with the plaintiff's trade-mark, would naturally be led to believe that the heels marketed by the defendant were the product of the plaintiff company." (R. 122, par. 9.)
>
> "The heels sold by the defendant were of inferior quality as compared to the heels manufactured and sold by the plaintiff and attached to their product and this tended to destroy the good will created by the plaintiff in the manufacture of its superior product. Likewise, when one of the defendant's heels was attached to footwear not manufactured by the plaintiff it would tend to cause purchasers to believe that the entire article of footwear was manufactured by the plaintiff." (R. 122, par. 11.)
>
> "The markings on the products marketed by the defendant are an infringement of plaintiff's trade-

mark and the methods used in the sale of defendant's products constituted unfair competition." (R. 122, par. 12.)

It was also originally found by the District Court that:

> "Upon discovery by the plaintiff of the defendant's sale of the above-described type heels and heel lifts, the plaintiff notified the defendant of its trade-mark of the red circular ball figure and thereafter defendant stopped giving orders to its supply company for heels and heel lifts bearing a red circular figure but did order for its counters heels bearing circular figures in orange, green, tan, yellow, and also figures with a square or diamond shaped plug in yellow, tan, and other colors. Defendant mixed these heels indiscriminately on its counters with the heels it had remaining in stock with the red circular figure." (R. 122, par. 10.)

While this latter paragraph was thereafter subjected to discussion in open court and other findings were added later relating to the same subject matter, the original, above quoted finding appears to remain unaltered. Moreover, the Court of Appeals refers to Respondent's indiscriminate mixing and sale of heels with other color marks from the same bins and counters in which the heels bearing Respondent's red circular marks were displayed (R. 154).

The District Court found as a conclusion of law that:

> "The defendant is guilty of infringing plaintiff's trade-mark and is guilty of unfair competition and such trade-mark infringement and unfair competition continued after direct notice to the defendant." (R. 123.)

After making its original findings of fact and conclusions of law, the District Court held further hearings and, pursuant thereto, made certain supplemental findings, amplifying the original findings. Some of these findings related to the nature of the proof. For example, the District Court found that there was no *direct testimony* that Re-

spondent attempted to palm off its heels as the heels manufactured by Petitioner; that there is no *proof* that any purchaser of heels from Respondent was motivated by a belief on the part of the purchaser that he was getting Petitioner's product; and that there is no *direct proof* that Petitioner had lost sales as a result of purchases made from Respondent. Notwithstanding these findings with respect to the absence of such direct testimony and proof, the District Court nevertheless was convinced and found that Respondent was guilty of trade-mark infringement and guilty of unfair competition.

These supplemental findings do not detract from the force of the original findings as to the tendencies and effects of Respondent's acts of infringement.

> "It is next asserted that there is no evidence of actual confusion. This is of no moment. It is sufficient if the proof shows that purchasers are likely to be deceived or confused. *Kann et al.* v. *Diamond Steel Co., et al.*, 8 Cir., 89 F. 706, 707, 710; *Gannett* v. *Rupert*, 2 Cir., 127 F. 962; *Consolidated Ice Co.* v. *Hygeia Distilled Water Co.*, 3 Cir., 151 F. 10, 12." *United Drug Co.* v. *Obear-Nester Co.*, 111 F. 2d 997, 1000 (8 C. C. A.).

After all of the supplemental findings had been made, the District Court decreed that the Respondent be enjoined from selling rubber heels with red or reddish circular figures appearing on the face portions, or any imitations thereof so nearly resembling the heels of Petitioner as to be calculated to deceive the ordinary purchaser as to the source of such goods (R. 131).

In its opinion (R. 123), the District Court prescribed a decree "providing for an accounting for profits unlawfully derived from the violation of the plaintiff's right", but in its decree (R. 131) restricted the accounting so that Petitioner was required to prove the sales were made "to purchasers who were induced to buy because they believed

the heels to be those of plaintiff (Petitioner) and which sales plaintiff (Petitioner) would otherwise have made." No accounting for damages was allowed.

The Court of Appeals, without disturbing the findings of the District Court, affirmed the judgment of that court.

FIRST QUESTION.

"WHERE ACCOUNTING OF PROFITS IS ORDERED FOR INFRINGEMENT OF A TRADE-MARK REGISTERED UNDER THE ACT OF 1905, ARE PROFITS RESTRICTABLE TO SALES TO PURCHASERS WHO WERE INDUCED TO BUY BECAUSE THEY BELIEVED THE GOODS TO BE THOSE OF THE TRADE-MARK OWNER AND WHICH SALES THE TRADE-MARK OWNER OTHERWISE WOULD HAVE MADE?"

1. Petitioner's United States trade-mark registration is valid (Finding 3, R. 121; Par. 3, R. 123).

The District Court found that the Petitioner's trade-mark registration of the red circular figure trade-mark is valid. This finding was not disturbed by the Court of Appeals, and no question is raised on the review in this Court as to the validity of the Petitioner's trade-mark.

2. Petitioner's registered trade-mark was infringed by Respondent (Par. 5, R. 123).

The District Court found that the Respondent infringed the Petitioner's registered trade-mark (R. 123) and enjoined the sale of heels bearing red or reddish circular figures or any deceptive imitations thereof (R. 131).

The District Court ordered the Respondent to account to the Petitioner for profits which Respondent derived from its sale of the infringing heels (R. 123), and subsequently decreed that in assessing profits, the Petitioner would be required to prove that purchasers were induced to buy Respondent's heels because they believed them to be those of Petitioner, and that Petitioner otherwise would

have made the sales (R. 131). The District Court's judgment was affirmed by the Court of Appeals.

3. In assessing profits the Petitioner should be required to prove the Respondent's sales only (15 U. S. C. 99).

The limited nature of the accounting allowed to Petitioner by the District Court is inconsistent with Sec. 19 of the Trade-Mark Act of 1905 (15 U. S. C. 99), which provides as follows:

> "That the several courts vested with jurisdiction of cases arising under the present act shall have power to grant injunctions, according to the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under this act, on such terms as the court may deem reasonable; and *upon a decree being rendered in any such case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction.* The court shall have the same power to increase such damages, in its discretion, as is given by section sixteen of this act for increasing damages found by verdict in actions of law; and *in assessing profits the plaintiff shall be required to prove defendant's sales only;* defendant must prove all elements of cost which are claimed." (Italics ours.)

The accounting order directly conflicts with the express provision of the foregoing act of Congress that:

> "• • • *in assessing profits the plaintiff shall be required to prove the defendant's sales only.*"

The Court of Appeals apparently sought to justify the accounting order, requiring Petitioner to prove more than "defendant's sales only," on the ground that:

> "Whatever substantive rights appellant may have in the premises arise under local law and are within the scope of *Erie Railroad Company* v. *Tompkins*, 304 U. S. 64" (R. 156).

The Court of Appeals evidently regarded the provisions of the Trade-Mark Act relating to the assessing of profits as substantive law. On this theory, the appellate court appears to have assumed that the Act of Congress could be disregarded because it was superseded by the local law of the state of Michigan. The Court of Appeals then proceeded to cite Michigan decisions as authority and ignored the Trade-Mark Act of 1905.

It has been held by this Court that the Federal trade-mark statute is procedural. In *American Trading Co.* v. *H. E. Heacock Co.*, 285 U. S. 247, 258, this Court stated regarding the Trade-Mark Act of 1905:

> "• • • the Federal statute did not attempt to create exclusive substantive rights in marks, or to afford a refuge for piracy through registration under the Act, but *to provide appropriate procedure and to give the described protection and remedies where property rights existed.*" (Italics ours.)

Federal registration of a trade-mark does not create substantive rights. Substantive rights in the trade-mark must exist as a prerequisite to registration. However, when substantive rights are already in existence and the trade-mark is validly registered under the Trade-Mark Act of 1905, as in the instant case, the remedies and the procedure set out in that statute are applicable.

The Trade-Mark Act of 1905, while it remains on the statute books as existing Federal law and has not been declared unconstitutional, should be respected and observed in the cases where it applies, and should be regarded as paramount to local law. In holding otherwise, the Court of Appeals not only committed serious error, but it even misconstrued the very case it relied upon in support of its position. This Court, in *Erie Railroad Co.* v. *Tompkins*, *supra*, expressly stated (p. 78) that

> "*Except in matters governed by the Federal Constitution or by acts of Congress*, the law to be applied in any case is the law of the state." (Italics ours.)

The Petitioner's trade-mark was registered under an Act of Congress, the Trade-Mark Act of 1905, and this statute must govern, rather than the local law of the State of Michigan. In limiting the accounting for profits to those profits which Respondent had derived from its sales of the infringing heels to purchasers whom the Petitioner could prove "were induced to buy because they believed the heels to be those of plaintiff, and which sales plaintiff would otherwise have made," the appellate court was not only at variance with the explicit provisions of the statute but also inconsistent with numerous decisions of this Court and lower Federal courts. This Court said in *Duplate Corp. v. Triplex Safety Glass Co.*, 298 U. S. 448, 457:

> "The wrongdoer must yield the gains begotten of his wrong."

The ruling of the Court of Appeals in the instant case is in conflict with the foregoing principle. Whereas a wrongdoer is required to yield up his gains from his sales of the infringing goods under the rule established by numerous authorities, the wrongdoer in the instant case is allowed to retain the profits and gains from his wrongdoing, except insofar as the injured party can prove he would have made any of the wrongdoer's specific sales. This Court has rejected any such basis for assessing profits in trade-mark cases, as well as in patent cases.

In the leading trade-mark case of *Hamilton-Brown Shoe Co.* v. *Wolf Bros. Co.*, 240 U. S. 251, 259, this Court discussed the trade-mark owner's rights to the infringer's profits as follows:

> "The right to use a trade-mark is recognized as a kind of property, of which the owner is entitled to the exclusive enjoyment to the extent that it has been actually used. *McLean* v. *Fleming*, 96 U. S. 245, 252; *Manhattan Medicine Co.* v. *Wood*, 108 U. S. 218, 224. The infringer is required in equity to account for and yield up his gains to the true owner, upon a principle analogous to that which charges a trustee with the

profits acquired by wrongful use of the property of the *cestui que trust.*"

* * * * *

"It is, however, insisted by defendant (Petitioner) that whether the recovery be based upon the theory of trade-mark, or upon that of unfair competition, the profits recoverable should be limited to such amount as may be shown by direct and positive evidence to be the increment of defendant's income by reason of the infringement, and that the burden of proof is upon complainant to show what part of defendant's profits were attributable to the use of the infringing mark." (p. 260.)

* * * * *

"Assuming the asserted analogy to patent cases to exist, *a sufficient reason for not requiring complainant in the present case to make an apportionment between the profits attributable to defendant's use of the offending mark and those attributable to the intrinsic merit of defendant's shoes is that such an apportionment is inherently impossible.*" (p. 261.)

* * * * *

"* * * As was said by the Supreme Court of California in a similar case, *Graham* v. *Plate*, 40 Cal. 593, 598; 6 Am. Rep. 639, 640: 'In sales made under a simulated trade-mark it is impossible to decide how much of the profit resulted from the intrinsic value of the commodity in the market, and how much from the credit given to it by the trade-mark. In the very nature of the case it would be impossible to ascertain to what extent he could have effected sales and at what prices except for the use of the trade-mark. *No one will deny that on every principle of reason and justice the owner of the trade-mark is entitled to so much of the profit as resulted from the use of the trade-mark. The difficulty lies in ascertaining what proportion of the profit is due to the trade-mark, and what to the intrinsic value of the commodity; and as this cannot be ascertained with any reasonable certainty, it is more consonant with reason and justice that the owner of the trade-mark should have the whole profit than*

that he should be deprived of any part of it by the fraudulent act of the defendant. It is the same principle which is applicable to a confusion of goods.'" (Italics ours.)

In the case of *Hamilton-Brown Shoe Co.* v. *Wolf Bros. & Co.*; *supra*, this Court approved the order for an accounting which was appealed to it; and this order required the infringer to account for profits derived from the sale of the goods bearing the infringing mark, *including those bearing the name of the defendant.*

As this Court stated in *Menendez* v. *Holt*, 128 U. S. 514, 521:

"* * * it is no answer to their action to say that there was no invasion of that right because the name of S. O. Ryder accompanied the brand upon flour sold by appellants, instead of the name of Holt & Co. That is an aggravation and not a justification, for it is openly trading in the name of another upon the reputation acquired by the device of the true proprietor."

The Court of Appeals for the Seventh Circuit in *Aladdin Mfg. Co.* v. *Mantle Lamp Co. of America*, 116 Fed. 2d 708, followed the decision of this Court in the *Hamilton-Brown* case. In the *Aladdin* case, as in the instant case, an effort was made by the infringer to have the accounting for profits from the trade-mark infringement limited "on the ground that no evidence of lost sales or of actual damages had been introduced." The Court rejected any such limitation on the accounting for profits, and said:

"Under 15 U. S. C. A., Section 99 and Section 96, in an accounting for profits from infringement of a trade-mark, appellant was required to prove appellee's sales only and the latter was under obligation to prove all elements of costs which it claimed." (p. 712)

* * * * *

"Gains and profits are still the proper measure of damages in equity suits, except in cases where the injury sustained by the infringement is plainly more

than the aggregate of what was made by the respondent, in which event the provision is that the complainant shall be entitled to recover, in addition to the profits to be accounted for by the respondent, the damages he has sustained thereby (citing cases)." (p. 715)

"In law the infringer 'is regarded as a mere wrong doer compelled to make compensation for the injury he has inflicted. In equity, he has a double character, being first treated as a species of agent or trustee practicing the invention for the benefit of its true owner and obliged to pay to him the profits of the enterprise, and then, if, in the judgment of the court, the interests of the plaintiff so require, mulcted as a tort-feasor in a sum sufficient to redress the injury which the plaintiff has sustained.' 3 Robinson on Patents, § 1050." (p. 715.)

The Court of Appeals for the Fifth Circuit applied the doctrine of the *Hamilton-Brown* case in the case of *Trappey* v. *McIlhenny Co.*, 12 F. 2d 19, 21:

"There being no possible way of allocating the effect of the infringed trade-mark upon the disposition of profits, there was no burden on the appellee to make such allocation."

Citing the same authority, the Court of Appeals for the Third Circuit, in *M. B. Fahey Tobacco Co.* v. *Senior*, 252 Fed. 579, 581, stated that:

"Therefore, since the defendants have infringed the plaintiff's trade-mark, profits as well as damages, are recoverable, and the decree should be modified accordingly."

The Court of Appeals for the Third Circuit in *Duro* v. *Duro*, 56 F. 2d 313, considered the section of the Trade-Mark Act of 1905 here under consideration, and stated:

"Under the act of Congress, therefore, it is clear that in assessing profits, the plaintiff is only required to prove defendant's sales; defendant must prove all elements of cost which are claimed." (p. 314.)

In the *Duro* case, the plaintiff used its mark on *internal combustion engines* and the defendant used the infringing mark on *spark plugs*. The infringer was required to account for profits in the manner prescribed by the Trade-Mark Act. Moreover, the Court pointed out that even though the goods were different, the plaintiff was justly entitled to infringer's profits because, by reason of its infringement, the infringer appropriated to its spark plugs the reputation of the internal combustion engine manufacturer.

In the instant case, the right to profits on the infringing sales is even more apparent than in the *Duro* case. Here the goods are identical, *i. e.*, rubber heels. Only the channels through which they reach the public are different. The Respondent sells its rubber heels separately. The Petitioner sells its rubber heels as a part of and attached to completed boots and shoes. Paraphrasing the *Duro* case, it may be said that the Respondent appropriated to its rubber heels the reputation of the footwear and heel manufacturer (the Petitioner).

The Court of Appeals for the Sixth Circuit (Judges Donahue, Moorman and Westenhaver) relied upon the decision of this Court in the *Hamilton-Brown Shoe Co.* case, as authority in *Dickinson* v. *O. & W. Thum Co.*, 8 F. 2d 570, 573:

> "Defendant's main complaint is that the master charged him with the entire profits accruing from the sale of any infringing goods during this period. It is insisted that the burden was on Plaintiff to prove that Defendant had made profits attributable in whole or in part to the infringing use of its trade-mark, and that the evidence does not support a finding that there was any so attributable."
>
> • • • • • •
>
> "Under the facts found and proved, the rule of *Hamilton-Brown Shoe Co.* v. *Wolf Brothers & Co.*, 240 U. S. 251, 36 S. Ct. 269, 60 L. Ed. 629, is applicable.

> *The infringer must account for the entire profits derived from the sale of the infringing goods. The recovery will not be limited to such amount as can be shown by direct and positive evidence to have resulted from the use of the infringing mark. The burden is not cast upon the Plaintiff to attempt the impossible task of showing what part of Defendant's profits are attributable to the use of the infringing mark and what part to the intrinsic merit of his goods or other causes.* Whatever conflict in the previous decisions might be found was put at rest by that decision." (Italics ours.)

Petitioner contends that the judgment in the instant case improperly deprives it of an opportunity to recover, in an accounting, the profits made by Respondent in its sales of heels bearing the infringing marks. This contention is fully supported by decisions of this Court, as well as those in other circuits, including an earlier decision by the Sixth Circuit Court of Appeals when its personnel was different from the present. It is not believed that the decision in *Erie Railroad Co.* v. *Tompkins, supra,* warrants the present personnel of the Sixth Circuit Court of Appeals in disregarding the controlling Federal Statute, the decisions of its predecessors, the decisions of this Court, and the decisions of other Federal courts involving the same question.

So far as Petitioner can ascertain, the decision of the Court of Appeals in the instant case not only conflicts with the controlling authority, but it also invokes the absolutely unique doctrine that the wrongdoer may keep the gains arising out of his wrongful infringement, except as to specific sales to customers whom the trade-mark owner can prove (1) were actually misled and (2) would otherwise have bought the trade-mark owner's product.

The Petitioner respectfully urges that this result is inequitable, illogical, and contrary to the controlling Act of Congress and authorities, and that for these reasons the decision of the Court of Appeals should be reversed.

SECOND QUESTION.

"WHERE A DECREE IS RENDERED FOR WRONGFUL USE OF A TRADE-MARK REGISTERED UNDER THE ACT OF 1905 AND THE DISTRICT COURT WHOSE JUDGMENT IS AFFIRMED FOUND THAT DEFENDANT'S INFRINGEMENT TENDED TO DESTROY PLAINTIFF'S GOOD WILL TO AN EXTENT BEYOND THE PARTICULAR ARTICLES AS TO WHICH PROFITS ARE AWARDED, SHOULD DAMAGES BE DENIED?"

1. Respondent's acts tended to destroy the good will of Petitioner (Finding 11, R. 122).

Petitioner under the explicit findings of the District Court, has been damaged by the acts of Respondent not only through the confusion brought about by Respondent's use of the infringing trade-marks, leading customers to believe that heels marketed by Respondent were the products of Petitioner, but also by tendency of the acts of Respondent to destroy the good will of Petitioner (R. 122).

As appears from the undisturbed finding of the District Court (Par. 11, R. 122), the Respondent's heels were of "inferior quality," whereas the Petitioner manufactures a "superior product." The Respondent, by its acts of infringement, has identified the Petitioner's trade-mark with heels of inferior quality, thus detracting from the Petitioner's reputation for high quality. The Respondent continued to sell its inferior heels bearing the infringing marks for more than two years after notice of infringement. During that period of time, and as long thereafter as Respondent's infringing red marked heels remained in use, Petitioner's good will was subject to disrepute through unfavorable influence of Respondent's inferior, infringing heels, which the ordinary customer would naturally believe were the product of the Petitioner company (R. 122).

The Petitioner's reputation was impaired further by the attachment of the Respondent's infringing heels to footwear not manufactured by the Petitioner.

The Petitioner does not sell its red circular figure trade-marked rubber heels separately, but attaches them to the boots and shoes which it manufactures (R. 121). In this way, the red circular trade-mark on the heel serves to identify not only the heel on which it appears, but also the entire article of footwear, as having been manufactured by the Petitioner.

The Petitioner has been urged to sell its rubber heels separately but has consistently refrained from doing so because it believed that its reputation would be jeopardized by the association of the red circular figure trade-mark with footwear it did not manufacture (R. 37). Despite its belief that it could have made large profits from selling its rubber heels separately, because of the widespread and favorable reputation of the red circular figure trade-mark, the Petitioner preferred to preserve the red circular figure on the rubber heel of a boot or shoe as a reliable medium which would identify the entire boot or shoe as well as the heels attached thereto as its products (R. 37).

The confusion which the Petitioner steadfastly sought to prevent has now been made possible by the Respondent's infringement. The heels bearing the infringing red circular marks were sold by the Respondent as repair or replacement heels. As long as they remained on the repaired shoes, they continued to impart to the entire shoe the same significance of origin as the attached infringing heel. It may be assumed the shoes which needed heel replacements and were repaired with Respondent's heels were shoes which had had considerable wear and may have been in rather bad or dilapidated condition. When these shoes were repaired with the Respondent's infringing marked heels, the infringing red circular figures signified, to persons familiar with Petitioner's red circular figure

trade-mark, that the shoes bearing them were manufactured by the Petitioner. (See District Court Finding 11, R. 122.)

Thus the Petitioner's reputation and good will were impaired, not only by the use of the infringing marks on rubber heels of inferior quality, but also by the attachment of the infringing marked heels to shoes of uncertain and probably poor quality.

It is submitted that the damage which the Petitioner has suffered as a result of the long and persistent acts of infringement by the Respondent is undoubtedly far in excess of the profits derived by the Respondent from the sales of its infringing rubber heels.

2. Petitioner has been damaged by Respondent's commingling with its infringing red circular marked heels, heels having other colored circular marks.

The Appellate Court affirmed the judgment of the District Court that "the methods used in the sale of defendant's products constitute unfair competition." Respondent's unfair competition is predicated upon its trade-mark infringement and is, in fact, a part and parcel thereof. It used the infringing marks in a manner to extend the significance of origin of the infringing red marks to its marks of other colors so that heels bearing the latter marks were identified as coming from the same source as the infringing red marked heels. Consequently, the damage caused by the Respondent's unfair competition is primarily caused by the Respondent's infringement.

The testimony is that the Respondent's heels having circular figures of various colors contrasting to the surrounding surface of the heels were indiscriminately displayed together with its heels bearing the infringing red circular trade-marks (Par. 11, R. 122).

By associating the heels with marks in colors other than red, the Respondent imparted to the non-infringing heels

the same significance of origin as the infringing heels. Thus, the effect of the infringement arising out of the Respondent's use of the red circular marks was extended to the other heels which were mixed and identified with the infringing heels and which bore similar marks in other colors or shades.

Therefore, by conferring upon the non-infringing heels the reputation of coming from the same manufacturer as the infringing heels, the Respondent promoted the sale of the non-infringing heels and perpetuated the benefits of infringement. When the sales of the infringing heels was enjoined, the Respondent was enabled to continue selling the other heels which had acquired the same significance of origin as the infringing heels.

In this manner, the Respondent continued to sell heels which were identified with the Petitioner and which detracted from its good will and reputation.

3. Petitioner is entitled to recover damages in addition to profits. (15 U. S. C. 96, 99; *Hamilton-Brown Shoe Co.* v. *Wolf Bros. Co.*, 240 U. S. 251).

The Court of Appeals did not require Respondent to account to Petitioner for damages, although it affirmed the judgment of the District Court which found as facts that

(a) Respondent's trade-mark so closely resembles that of Petitioner "that it is difficult to distinguish the products sold by defendant from the plaintiff's products" (Par. 18; R. 121).

(b) The ordinary purchaser familiar with Petitioner's trade-mark "would naturally believe that the heels marked by the defendant were the products of the plaintiff company" (Par. 9; R. 122).

(c) The inferior quality of the heels sold by Respondent as compared to those of Petitioner "tended to destroy the good will created by plaintiff in the manufacture of its superior product" (Par. 11, R. 122).

(d) When Respondent's heels were attached to

footwear "it would tend to cause purchasers to believe that the entire article of footwear was manufactured by the plaintiff" (Par. 11, R. 122).

(e) "The methods used in the sale of defendant's products constituted unfair competition" (Par. 12, R. 122).

In view of the said facts which were found by the District Court and were not disturbed by the Court of Appeals, the Petitioner should be awarded the relief prescribed in the Trade-Mark Act of 1905, under which its trade-mark is registered, and under which this action was brought.

Section 16 of the Trade-Mark Act of 1905 (15 U. S. C. Sec. 96) provides that:

"* * * Any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy, or *colorably imitate* any such trade-mark and affix the same to merchandise of substantially the same descriptive properties as those set forth in the registration, or to labels, signs, prints, packages, wrappers, or receptacles intended to be used upon or in connection with the sale of merchandise of substantially the same descriptive properties as those set forth in such registration, and shall use, or shall have used, such reproduction, counterfeit, copy, or *colorable imitation* in commerce among the several States, or with a foreign nation, or with the Indian tribes, *shall be liable to an action for damages therefor* at the suit of the owner thereof; and whenever in any such action a verdict is rendered for the plaintiff, the court may enter judgment therein for any sum above the amount found by the verdict as the actual damages, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs." (Italics ours.)

Sec. 19 of the Trade-Mark Act (15 U. S. C. Sec. 99) expressly provides that:

"* * * upon a decree being rendered in any such case for wrongful use of a trade-mark *the complainant*

shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby. * * *"* (Italics ours.)

The right to both profits and damages which is codified in the quoted section of the Trade-Mark Act has also been recognized by this Court in the *Hamilton-Brown Shoe Co.* case:

> "In this country, it is generally held that *in a proper case both damages and profits may be awarded.*" (240 U. S. 259.)

4. Uncertainty as to amount does not preclude Petitioner's right to recover damages.

It is not necessary, in order that Petitioner be entitled to an accounting as to damages, that the actual amount of such damages should be susceptible of exact proof. It has been frequently held that where damage has been sustained but is not capable of exact proof, exemplary or punitive damages will be allowed. The law upon this question was clearly stated by this Court in *Story Parchment Co.* v. *Paterson Parchment Paper Co.*, 282 U. S. 555, 562, as follows:

> "* * * It is true that there was uncertainty as to the extent of the damage, but there was none as to the fact of damage; and there is a clear distinction between the measure of proof necessary to establish the fact that petitioner had sustained some damage, and the measure of proof necessary to enable the jury to fix the amount. The rule which precludes the recovery of uncertain damages applies to such as are not the certain result of the wrong, not to those damages which are definitely attributable to the wrong and only uncertain in respect of their amount."
>
> * * * * * *
>
> *"Where the tort itself is of such a nature as to preclude the ascertainment of the amount of damages with certainty, it would be a perversion of fundamental principles of justice to deny all relief to the*

injured person, and thereby relieve the wrongdoer from making any amend for his acts. In such case, while the damages may not be determined by mere speculation or guess, it will be enough if the evidence show the extent of the damages as a matter of just and reasonable inference, although the result be only approximate. *The wrongdoer is not entitled to complain that they cannot be measured with the exactness and precision that would be possible if the case, which he alone is responsible for making, were otherwise. Eastman Kodak Co.* v. *Southern Photo Materials Co.*, 273 U. S. 359, 379. Compare *The Seven Brothers*, 170 Fed. 126, 128; *Pacific Whaling Co.* v. *Packers' Asso.*, 138 Cal. 632, 638. As the Supreme Court of Michigan has forcefully declared, *the risk of the uncertainty should be thrown upon the wrongdoer instead of upon the injured party.*" (p. 563.) (Italics ours.)

This Court in its said decision cited with approval the decision of the Second Circuit Court of Appeals in *Straus* v. *Victor Talking Machine Co.*, 297 Fed. 791, and said regarding it:

"* * * Numerous decisions are there cited in support of the statement, that 'The constant tendency of the courts is to find some way in which damages can be awarded where a wrong has been done. Difficulty of ascertainment is no longer confused with right of recovery.'" (p. 565.)

The law has been specifically held applicable in trademark and unfair competition cases (*Aladdin Mfg. Co.* v. *Mantle Lamp Co.*, 116 F. 2d 708, C. C. A. 7; *Maytag* v. *Meadows*, 45 F. 2d 299, C. C. A. 7).

The Court of Appeals for the Seventh Circuit said, in *Aladdin* v. *Mantle Lamp, supra:*

"A tort feasor is liable for all consequences naturally resulting, all injuries actually flowing from his wrongful act, *whether in fact anticipated or contemplated by him* when his tortious act was committed. Recoverable damages, therefore, include compensation for all injury to appellant's business arising from

wrongful acts committed by appellee, provided such injury was the natural and proximate result of the wrongful acts. *Fidelity & D. Co.* v. *Bucki & Son Lumber,* 189 U. S. 135, 23 S. Ct. 582, 47 L. Ed. 744. *This includes injury to business standing or good will,* loss of business, additional expenses incurred because of the tort and all other elements of injury to the business. 15 Amer. Jur. §§ 133, 134, 135, 136, and 138. These are the governing principles applying to compensatory damages. (p. 716.)

* * * * *

"There was proof of injury to appellant's business in appellee's conduct, including injury to its good will and nullification of its advertising program, for which it expended large sums of money, over and above the profits gained by appellee. For such injury it was entitled to compensatory damages and in addition such limited exemplary damages as the facts and circumstances justify. (p. 717.)

* * * * *

"The Act of Congress looks to the recovery of 'damages'; it does not exclude exemplary damages; rather it must be taken to include all damages ordinarily recoverable under the facts and circumstances presented. That punitive damages may be allowed in such an action as this at law was recognized by the court in *Press Publishing Co.* v. *Monroe,* 2 Cir., 73 F. 196, 201, 51 L. R. S. 353, in this language. * * *" (p. 716.) (Italics ours.)

The existence of damage resulting from Respondent's acts is certain—only the extent of the damage is uncertain. Under the Act of Congress the Petitioner is entitled to an accounting for said damages. Under the principle of the decisions of this Court and the same principle as applied in other courts, the risk of uncertainty should fall on the wrongdoer instead of upon the injured party, and the Petitioner should be awarded damages despite any uncertainty as to the amount.

The District Court recognized that the Respondent was a wrongdoer, *after notice,* and found that its acts tended

to destroy the Petitioner's good-will. No redress was allowed for the injury suffered by the Petitioner.

The refusal to allow redress amounted to condoning of a wilful wrongdoer, penalized the victim of the tort, ignored the controlling Federal Statute, and disregarded the applicable decisions of this Court. It is respectfully urged that reason, justice, and authority require the awarding of damages to the Petitioner.

Conclusion.

Under the judgment of the District Court, as affirmed by the Court of Appeals, the trade-mark infringer is merely enjoined from further infringement but is not required to account for profits or pay compensation for the damages sustained. This holding is an inducement to infringement. Under it, the infringer benefits from the good will attaching to the well known mark until an injunction is issued. He is merely required to discontinue using the infringing mark without compensating the trade-mark owner.

It is submitted on behalf of Petitioner that each of the questions presented should be answered in the negative, and that the judgment of the Court of Appeals should be reversed, with directions for the entry of a decree ordering Respondent to account to Petitioner for the profits derived from its infringement and for the damages sustained by Petitioner from Respondent's infringement and the attending unfair competition.

Respectfully,

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APPENDIX I.

Trade-Mark Act of 1905.

Sec. 16, U. S. C., title 15, sec. 96. That the registration of a trade-mark under the provisions of this act shall be prima facie evidence of ownership. Any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy, or colorably imitate any such trade-mark and affix the same to merchandise of substantially the same descriptive properties as those set forth in the registration, or to labels, signs, prints, packages, wrappers, or receptacles intended to be used upon or in connection with the sale of merchandise of substantially the same descriptive properties as those set forth in such registration, and shall use, or shall have used, such reproduction, counterfeit, copy, or colorable imitation in commerce among the several States, or with a foreign nation, or with the Indian tribes, shall be liable to an action for damages therefor at the suit of the owner thereof; and whenever in any such action a verdict is rendered for the plaintiff, the court may enter judgment therein for any sum above the amount found by the verdict as the actual damages, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs.

Sec. 19, U. S. C., title 15, sec. 99. That the several courts vested with jurisdiction of cases arising under the present act shall have power to grant injunctions, according to the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under this act, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction. The court shall have the same power to increase such damages, in its discretion, as is given by section sixteen of this act for increasing damages found by verdict in actions of law; and in assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost which are claimed.

APPENDIX II.

CHRONOLOGICAL SUMMARY.

1891 **October 15**—Petitioner adopted red circular figure trade-mark to identify its products (R. 32).

1898 —Petitioner began manufacturing rubber footwear, and applied red circular figure trade-mark on the tread faces of the heels thereof (R. 35).

1901 **May 28**—Red circular figure trade-mark registered by Petitioner in U. S. Patent Office, Registration No. 36,471 (R. 38, 133). (See photograph, Ex. 16).

1917 —Petitioner began embedding red circular figure trade-mark in tread faces of rubber heels to make it outlast other markings thereon. The red circular figure served as the permanent identification of Petitioner's heels and the footwear to which they were attached (R. 36).

1931 **May 28**—Petitioner renewed its red circular figure trade-mark registration (No. 36,471) under Trade-Mark Act of 1905 (R. 38).

1933 **January 30**—*Respondent began purchasing and selling "Crusader" rubber heels with red circular figure embedded in tread faces thereof, said red circular figure being embossed with a knight's head* (R. 86) (See photograph, Ex. 79).

May—Petitioner learned that Respondent was selling these heels (R. 45).

May 5—Petitioner notified Respondent it regarded "Crusader" heels with red circular figure as infringing its red circular figure trade-mark and demanded that Respondent "discontinue at once putting out heels with the red circular figure mark" (R. 46, 138).

May 19—*Respondent agreed to instruct its manufacturers "to use some other color unlike red"* (R. 46, 140).

June 6—*Respondent's manufacturer adopted orange color and Respondent began purchasing and selling "Crusader" heels with orange circular figure embossed with knight's head* (R. 49, 86) (See photograph, Ex. 59).

1934 **February 15**—Petitioner complained to Respondent about continuing sale of heels with red circular figure marks (R. 49, 141).

February 16—*Respondent expressed belief it had no infringing inserts on its counters and requested specimen along with explanation of how it infringed* (R. 49, 142).

February 24—Petitioner's investigators began checking up on Respondent's heel display counters and purchasing specimens (R. 49).

June 14—Petitioner reviewed controversy in letter to Respondent, and objected to continued sale of heels with red circular figure marks. Petitioner also complained about mixing with these heels other heels bearing identical marks in varying shades from red to yellow "so that they have the same significance as to origin as the heels bearing the red mark". Finally, Petitioner demanded that the Respondent "discontinue immediately the sale of rubber heels bearing circular marks in red, pink, orange, yellow * * * and * * * account to us for the damage we have sustained * * *" (R. 142).

June 25—*Respondent advised it was instructing all stores to discontinue ordering rubber heels from its manufacturer, Essex Rubber Co.* (R. 145).

July 1—*Respondent began purchasing and selling "Sure Foot" heels bearing red circular figure marks at center of tread face of heel and embossed with an Indian head* (R. 91).

July 7—*Respondent suggested to Petitioner that it consent to selling out manufacturer's remaining*

stock of objectionable heels and stated that it would take "from two to three months to clean this up" (R. 146).

July 12—Petitioner rejected this suggestion because Respondent had continued to sell infringing heels more than a year after notice and because of certain bad faith on part of Essex Rubber Co. Moreover, Petitioner demanded payment of damages (R. 147). *To this letter, Respondent did not reply* (R. 53).

August 11—Petitioner's attorney notified Respondent that it regarded "Sure Foot" heels with red circular mark on tread face as infringing, demanded that Respondent discontinue selling said heels, and advised Respondent that Petitioner had given the instruction to sue for infringement (R. 149).

November 28—Bill of Complaint filed by Petitioner in the U. S. District Court for the Eastern District of Michigan charging Respondent with trade-mark infringement and unfair competition, and praying for an accounting for profits and damages (R. 1).

1935 **March 8 to April 13**—Petitioner's investigators inspected the heel displays in all of Respondent's stores in the Eastern District of Michigan and in various of its stores in other states. Respondent's stores were found to be selling and indiscriminately displaying together some or all of the "Respondent's heels" illustrated in the photographs following page 10.

August 10—District Court (Tuttle, J.) granted temporary order restraining Respondent from selling any heels with red circular marks and from purchasing any more heels with orange circular marks (R. 115).

1939 **December 29**—District Court (Lederle, J.) entered final decree enjoining Respondent from selling heels with red or reddish circular marks and ordering the Respondent to account for certain profits (R. 131).

1941 **April 18**—Judgment of the District Court affirmed by the Court of Appeals for the Sixth Circuit (R. 152).

June 25—Petitioner's petition for rehearing denied (R. 163).

November 10—Certiorari granted, limited to first and second questions presented by petition (R. 164).

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IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1941.

No. 649

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

vs.

S. S. KRESGE COMPANY,

Respondent.

PETITIONER'S REPLY TO RESPONDENT'S BRIEF.

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PETITIONER'S REPLY TO RESPONDENT'S BRIEF.

Both lower courts found that respondent was guilty of trade-mark infringement and that such infringement was continued after direct notice. The only questions now before this Court relate to the reparation to be granted where such infringement has been found. Notwithstanding the findings of the lower courts, the respondent has devoted a large part of its brief to disputing matters which are inherent in the finding of infringement, and which are settled so far as this controversy is concerned. *Feil* v. *American Serum Co.*, 16 F. 2d 88, 90 (C. C. A. 8).

Most of respondent's remaining arguments were quite fully anticipated in the petitioner's brief. However, there are some incorrect statements and misleading arguments advanced in respondent's brief to which petitioner wishes to reply.

Japanese Flag.

Although neither validity of petitioner's trade-mark nor its infringement by respondent are before this Court, nevertheless respondent seeks to raise them as issues. On page 10 of its brief, respondent asserts that petitioner's trade-mark is identical to the red ball or "rising sun" portion of the Japanese flag, and that consequently it is doubtful whether it was ever entitled to registration, and the validity of its registration therefore is dubious.

The Japanese flag and the petitioner's trade-mark are not the same and accordingly the Japanese flag does not constitute a ground for invalidating petitioner's trade-mark.

Interstate Commerce.

The respondent contends that the petitioner is not entitled to the relief provided in the Trade-Mark Act of 1905 because the respondent's infringement was not committed in interstate commerce and because there is no allegation in the pleadings that the respondent sold its infringing heels in interstate commerce. (Brief, 52-55.)

The complaint positively asserts that the respondent "is now displaying, offering for sale and selling in the State of Michigan and throughout the United States, large numbers of spurious rubber heels which are marked with a red mark simulating and infringing plaintiff's aforesaid trade-mark". (R. 5.)

Respondent, in reply to Interrogatories Nos. 5, 9 and 10 (R. 13-14), unqualifiedly admitted (R. 16) that prior to the commencement of this suit, it had shipped or caused to be shipped in interstate commerce and sold in various states of the United States, rubber heels bearing the infringing marks.

The infringing heels were purchased by respondent

from the manufacturers, O'Sullivan Rubber Company, Inc., of New York City and Gettysburg, Pennsylvania, and the Essex Rubber Company, of Trenton, New Jersey, and respondent directed that the heels should be delivered by the manufacturers to respondent's numerous stores in its chain throughout the United States. Respondent therefore, without question, bought heels bearing the infringing trade-mark in certain states, had them shipped into other states, and sold them in some or all of the several states. This constitutes trade-mark infringement under the Federal Trade-Mark Act of 1905, Sec. 16, and accordingly the relief provided in that statute should be allowed.

The respondent apparently recognizes (Brief, 55) that if its acts of infringement were committed in interstate commerce, the Trade-Mark Act of 1905 would be controlling and the doctrine of *Erie R. Co.* v. *Tompkins*, 304 U. S. 64, could not be applied.

History of Respondent's Infringement.

At the outset of its brief, the respondent undertakes to "correct" the petitioner's statement of facts by discussing at length the negotiations between the respondent and its heel manufacturers. For example, the respondent explains that it instructed its manufacturer to discontinue using the red color very soon after it advised the petitioner that it would use some other color *"unlike red"*. (Brief, 3.)

Regardless of instructions to its manufacturers, the fact remains that the respondent continued to display, offer for sale, and sell the infringing heels without interruption for more than two years after notice of infringement, and, in fact, until enjoined from selling such heels by the preliminary injunction.

Moreover, the respondent did not respect its assurances to the petitioner that it would use some other color unlike red. Beginning July 1, 1934, the respondent procured

heels with red circular marks (like Exhibit 54) from a new source, and continued to sell these heels, despite petitioner's objections, until enjoined from so doing by preliminary injunction.

For convenience, a chart is included in this brief, at page 7, for the purpose of showing:

(1) the various colored marks used on the heels sold by the respondent.

(2) the approximate dates upon which the respondent began selling the heels with these marks.

(3) the dates upon which the petitioner complained to the respondent about the sale of said heels, and

(4) the period of months or years during which the respondent continued to sell the said heels.

The chart summarizes the respondent's acts of infringement, and it is upon these acts of infringement and the attendant unfair competition that the petitioner bases its prayer for redress.

Certain Irrelevant and Immaterial Matters Contained in Respondent's Brief.

Respondent emphasizes certain matters which are not material to petitioner's right to an adequate accounting for profits and damages as follows:

Respondent, on page 10, asserts: "There is no proof of any palming off nor is there proof of any confusion in fact."

It is not essential to trade-mark infringement or unfair competition that there should be proof of palming off or of confusion in fact. The District Court found as facts that "it is difficult to distinguish the products sold by the defendant from the plaintiff's products" (R. 122, Par. 8), and that "The ordinary purchaser, having become familiar with the plaintiff's trade-mark, would naturally be

led to believe that the heels marketed by the defendant were the product of the plaintiff company" (R. 122, Par. 9), and also that the acts of respondent "* * * tended to destroy the good will created by the plaintiff." (R. 122, Par. 11.)

The facts so found by the District Court are sufficient to entitle petitioner to the relief sought, irrespective of whether or not there is actual proof of instances of palming off or of confusion.

> "We are not impressed by the objection of lack of evidence that anyone has been misled by defendant's acts. The primary purpose of evidence of actual deception is to show tendency or likelihood to deceive." *S. S. Kresge Co.* v. *Champion Spark Plug. Co.*, 3 F. 2d 415, 419 (C. C. A. 6).
>
> "It is next asserted that there is no evidence of actual confusion. This is of no moment. It is sufficient if the proof shows that purchasers are likely to be deceived or confused. *Kann, et al.* v. *Diamond Steel Co., et al.*, 8 Cir., 89 F. 706, 707, 710; *Gannert* v. *Rupert*, 2 Cir., 127 F. 962; *Consolidated Ice Co.* v. *Hygeia Distilled Water Co.*, 3 Cir., 151 F. 10, 12." *United Drug Co.* v. *Obear-Nester Co.*, 111 F. 2d 997, 1000 (C. C. A. 8).

Respondent states on page 25 that "There is no *prima facie* showing of any profits resulting to respondent," and that petitioner has failed to prove "'any sales attributable to the technical infringement here found."

The burden was not on petitioner to prove the amount of profits resulting from infringement, or that respondent's sales were attributable to infringement. This Court in *Hamilton-Brown* v. *Wolf Bros.*, 240 U. S. 251, 261, said that a sufficient reason for not requiring a plaintiff "to make an apportionment between the profits attributable to defendant's use of the offending mark and those attributable to the intrinsic merit of defendant's shoes is that such an apportionment is inherently impossible."

(*Continued on page 9*)

EXPLANATION:

The chart on the opposite page shows the history of the present controversy.

The period covered includes the full calendar years of 1933, 1934, and 1935.

Each trade-mark is placed on the chart opposite the date on the scale of months when the respondent began selling heels identified by such trade-mark.

The period during which the respondent continued to sell the heels bearing each trade-mark is represented by the stem projecting downwardly therefrom (and may be measured by the scale of months).

The preliminary injunction was effective August 17, 1935. The sale of heels with red circular trade-marks was thereafter restrained. The respondent was permitted to sell its remaining stock of orange circular marked heels, but was enjoined from buying any more.

The final decree, granted December 29, 1939, enjoined the sale of heels with red or reddish circular marks but did not specifically include the orange marks.

Late Jan. 1933 -- Respondent began selling heels with this trade-mark (R. 86; Ex. 79)

May 5, 1933 -- *Petitioner complained of mark as infingement* (R. 46,138)

May 19, 1933 -- Respondent agreed to change to color *unlike red* (R. 46,140)

June 6, 1933 -- Respondent began selling heels with this trade-mark (R. 49, 86; Ex. 59)

Feb. 15, 1934 -- *Petitioner complained of continued sale of heels with red circular mark* (R. 49, 141)

Early 1934 -- Respondent began selling heels with this trade-mark, first in white, then in beige as shown. (R. 87; Ex. 48)

June 14, 1934 -- *Petitioner again complained of sale of red marked heels.* ✻

July 1 1934 -- Respondent began selling heels with this trade-mark (R. 87; Ex. 54)

Sept. 15, 1934 -- Respondent began selling heels with this trade-mark (R. 87; Ex. 33)

Dec. 1, 1934 -- Respondent began selling heels with this trade-mark (R. 87, 91; Ex. 37)

Aug. 10, 1935 -- *Preliminary injunction granted* (R. 115)

✻ *Petitioner also objected to mixing the red marked heels with heels bearing similar marks in other colors* (R. 142)

Respondent on page 2 calls attention to the fact that its name appeared on some of the heels sold by it bearing the infringing trade-mark. This Court in *Menendez* v. *Holt*, 128 U. S. 514, said that such an act of a trade-mark infringer was "an aggravation and not a justification," as it appropriated to the infringer "the reputation acquired by the device of the true proprietor." The decision of this Court in *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19, 41, is also pertinent.

On pages 13, 23, 38, and 49 of its brief, the respondent quotes a statement from the opinion of the Court of Appeals that it found no evidence of "fraudulent purpose." In the same opinion, however, the appellate court held that "where one uses the trade-mark or trade symbol of a competitor, fraud will be presumed from the wrongful use," (R. 159), and correctly stated the law as follows:

> "• • • No one has the right to use the technical trade-mark of another in connection with like goods but if he does and persists after being notified to desist, fraud and imposition, which constitute the essence of the injury, will be presumed and relief granted. *Lawrence Mfg. Company* v. *Tennesses Mfg. Company*, 138 U. S. 537, 549; *McLean* v. *Fleming*, 96 U. S. 245, 252; *H. E. Winterton Gum Company* v. *Auto Sales Gum & Chocolate Company*, 211 F. 612 (C. C. A. 6)."

This Court in *Straus* v. *Notaseme*, 240 U. S. 179, said that intent and fraud were presumed when a defendant continued to infringe plaintiff's trade-mark after notice. In the instant case, respondent continued to infringe for more than two years and three months after being notified by petitioner that it infringed. Therefore, under the controlling authorities, the respondent's fraud and intent must be presumed in this case.

Assertions Made in Respondent's Brief Which Are Unsupported by the Record.

On page 10 of its brief, respondent asserts that the only unfair competition of which respondent may be accused is its technical infringement by use of the color red. This statement conflicts with the finding of the District Court that "the methods used in the sale of defendant's products constituted unfair competition." (R. 122, Par. 12.)

On pages 11 and 12, the respondent declares that "none of respondent's sales of replacement heels were attributable to the technical infringement." Thereafter, on pages 15, 18, 19, 24, 25, and 34, the respondent makes similar assertions. The record contains nothing to support these statements.

On page 44, the respondent makes the statement that the District Court "found that petitioner lost no sales." This statement is absolutely unwarranted. The Court did adopt a finding requested by the respondent that there is no *direct proof* of lost sales. (R. 129.) The fact that there was no such direct proof is entirely irrelevant. Proof of lost sales is not necessary to an accounting of profits for trade-mark infringement (Trade-Mark Act of 1905, 15 U. S. C. 99) nor is it necessary as a basis for awarding damages. See *Dowagiac Mfg. Co.* v. *Minnesota Moline Plow Co.*, 235 U. S. 641, 648, a patent case in which damages were awarded despite the absence of proof of lost sales.

In the trade-mark infringement case of *Aladdin Mfg. Co.* v. *Mantle Lamp Co.*, 116 F. 2d 708, the Court of Appeals for the Seventh Circuit stated that:

> "A tort feasor is liable for all consequences naturally resulting, all injuries actually flowing from his wrongful act, whether in fact anticipated or contemplated by him when his tortious act was committed. Recoverable damages, therefore, include compensation for all injury to appellant's business arising from wrongful

acts committed by appellee, provided that such injury was the natural and proximate result of the wrongful acts. *Fidelity & D. Co.* v. *Bucki & Son Lumber*, 189 U. S. 135, 23 S. Ct. 582, 47 L. Ed. 744. This includes injury to business standing or good will, loss of business, additional expenses incurred because of the tort, and other elements of injury to the business. 15 Amer. Jur. §§ 133, 134, 135, 136, and 138."

The present case, like the case last cited, arose under the Trade-Mark Act of 1905. If the interpretation of that act by the Court of Appeals for the Seventh Circuit is correct, then the petitioner is entitled to an accounting with a full opportunity to prove in the proceeding before the Master the damages it has sustained. It is also entitled to an accounting of profits, without the present improper limitations.

On page 4 of its brief, the respondent says:

"The Evergrip heel illustrated by Exhibit 48 has been manufactured by the Boston Woven Hose & Rubber Company since 1923 (R. 87)."

No support for this statement is found on page 87 of the Record, or elsewhere.

The said statement is specifically repudiated by an official of the manufacturer, whose affidavit appears on page 171 of the record filed with the Petition for Writ of Certiorari. This official states that the said heel is the only heel his company ever manufactured with a colored insert and that it was first manufactured in November, 1933.

Similarly, the respondent states on page 4 of its brief that the Surefoot heels were first manufactured by O'Sullivan Rubber Co., Inc. in 1920. This is misleading. The O'Sullivan Rubber Co. began the use of the red circular heel insert (as exemplified in Exhibit 54) on the heels it supplied to the respondent beginning in July, 1934. (R. 91.) Apparently, the said company never made or sold heels with inserts of a contrasting color prior to July, 1934.

Inconsistent Excerpt from Court of Appeals Opinion.

The respondent places great emphasis on the following excerpt from the Appellate Court's opinion:

> "No justification is found in the record for any inference that anyone appears to have been deceived by appellee's trade-mark in purchasing its shoe heels and lifts in the belief that it was purchasing shoe heels produced by the appellant." (R. 158; Respondent's Brief 13, 23, 39, and 49.)

This excerpt is not in harmony with the following statement from the same opinion:

> "Appellant's trade-marks had been so long in use and so widely advertised, it is presumed that appellee had knowledge of them and even if the appellee assumed its trade-marks without any intention to mislead the public or to unfairly interfere with appellant's trade, if they so closely imitated appellant's as to lead to confusion and tended, because of their similarity, to be taken by the public for those of appellant, appellee must be held to the same responsibility as though it had been guilty of intentional pirating." (R. 159.)

Moreover, the first quoted statement conflicts with the findings of the District Court that:

> It was difficult to distinguish respondent's products from petitioner's. (R. 121, Par. 8.)

and that:

> Customers would naturally be mislead by respondent's markings. (R. 122, Par. 9.)

These findings, which were never revised or modified, but merely supplemented, were part of the judgment which the Court of Appeals affirmed.

Finally, the very essence of trade-mark infringement is confusing similarity. A finding of trade-mark infringement presupposes that the infringer's goods are likely to be mistaken as those of the trade-mark owner. The passage so frequently quoted by the respondent is contrary to the holding of infringement by both of the lower courts. Where,

in the course of an opinion, the court makes a statement which is not in harmony with its decision, the inconsistent statement should not be regarded as paramount to the decision itself.

Respondent's Persistent Infringement and Bad Faith.

The respondent seeks to persuade this Court that reason and justice do not entitle the petitioner to the full statutory accounting for profits. The respondent not only contends that the infringing marks did not help to sell its heels, it argues that perhaps it was even harmed by its infringement—that its heels with marks in colors other than red "sell as well, *if not better, than those in red.*" (Brief, 25.)

The force of this argument is nullified by the fact that the respondent persisted in its infringement for more than two years after notice of infringement, until enjoined, and by the further fact that the respondent procured red circular marked heels from a new source after agreeing to adopt a color "unlike red." The red marked heels must have had some especial sales value to have induced the respondent to break faith with the petitioner.

A clerk in one of the respondent's stores admitted to one of the petitioner's investigators that most people purchased the heels with the red circular inserts. (R. 68.) Sales girls admitted that they had calls for "Ball Band" and "Red Ball" heels in some of respondent's stores. (R. 103, 105-6-7, 112.) This is highly significant, since it occurred in stores in which it is believed to be common knowledge that customers usually merely pick out what they want from the goods on display without asking for some particular make *unless they do not find it on display.* In view of respondent's obvious fondness for the red circular figure mark, if may be assumed that in these particular stores their stock of red marked heels had become temporarily depleted.

These instances, together with respondent's resort to another red circular mark, indicate that the red circular inserts must have been rather popular. The reason for this popularity is suggested by the finding of the District Court that the respondent's heel markings would naturally mislead the ordinary customer into believing that the heels so marked were the product of the petitioner. (R. 122.) This may explain the respondent's persistent fondness for red and reddish circular marks for heels.

Under the Trade-Mark Act and under the prevailing rule in the federal courts, the petitioner is entitled to the respondent's profits. This relief is more imperative because of the respondent's persistence in trespassing upon the petitioner's trade-mark rights for so long after notice.

> Where a defendant continued to clearly infringe a trade-mark after warning and with full knowledge of complainant's rights, complainant was entitled to an accounting. *Wallace & Co.* v. *Repetti, Inc.*, (C. C. A. 2) 266 F. 307, certiorari denied 254 U. S. 639.
>
> "Defendant knew all the facts, and, under a mistaken view of the law, claimed the trade-mark for itself. Its use of the mark was deliberate. The situation is about the same as where a defendant infringes a patent under the advice of counsel that it is invalid. Such infringement is not usually so willful as to justify treble damages, but we think it does justify, here as there, turning over to the plaintiff the actual profits received." *Lawrence-Williams Co.* v. *Societe Enfants Gombault, et Cie*, 52 F. 2d 774 (C. C. A. 6).

Comparative Summary Chart.

The "Comparative Summary Chart" appearing at page 7 in respondent's brief places great emphasis on the incidental differences between the petitioner's and respondent's heels, and seeks to minimize the petitioner's red circular trade-mark and the respondent's infringing red circular marks. It is deliberately misleading as it labels

petitioner's actual trade-mark herein as "Ornamentation" and petitioner's other heel markings as "Trade-Mark."

This belated effort to convince this Court that there is no confusing similarity between the marks conflicts with the settled finding of the District Court that:

> "• • • (defendant's) trade-mark is so applied that the most prominent part is a circular plug of red or reddish color so closely resembling that of the plaintiff that it is difficult to distinguish the products sold by the defendant from the plaintiff's products." (R. 121, Par. 8.)

Supplemental Findings.

The respondent requested the District Court to make certain additional findings of fact to supplement the original findings. The effect of the supplemental findings was discussed in our main brief beginning on page 16. There we pointed out that the original holding was not changed by the supplemental findings.

Nevertheless, the respondent now seeks to use the supplemental findings to contradict and defeat the retained original findings upon which the court based its decree.

With reference to the trial court's finding that the respondent's infringement tended to destroy the petitioner's good will (R. 122), the respondent urges, at page 41 of its brief, that since this was only a *tendency* unsupported by actual proof, the petitioner would not be entitled to an accounting of damages. We submit that where so injurious a tendency is found to exist, the court should refer the matter to a Master for accounting. The tort feasor should not be absolved because of the difficulty of introducing direct proof.

> "It is next asserted that there is no evidence of actual confusion. This is of no moment. It is sufficient if the proof shows that purchasers are likely to be deceived or confused. *Kann, et al.* v. *Diamond Steel Co., et al.*, 8 Cir., 89 F. 706, 707, 710; *Gannert* v. *Rupert*,

2 Cir., 127 F. 962; *Consolidated Ice Co.* v. *Hygeia Distilled Water Co.*, 3 Cir., 151 F. 10, 12." *United Drug Co.* v. *Obear-Nester Co.*, 111 F. 2d 997, 1000 (C. C. A. 8).

Misapplied Authorities.

The respondent relies heavily on the decision of this Court in *Straus* v. *Notaseme Co.*, 240 U. S. 179. (Br. 27.)

The case is not in point. That case did not involve the Trade-Mark Act of 1905, the decision rested *solely* on unfair competition. Furthermore, the plaintiff in that case prejudiced its case by falsely representing that it owned a registered trade-mark.

Whatever doubts may have existed regarding the interpretation of *Straus* v. *Notaseme, supra,* were settled in the subsequent decision of this Court in *Hamilton-Brown Shoe Co.* v. *Wolf Bros. & Co.*, 241 U. S. 251. In the latter case, the infringer was required to account to the complainant for the profits derived from the sales of shoes bearing the infringing trade-mark, and the shoes bearing the name of the infringer were included in this accounting.

The respondent cites *Westinghouse Mfg. Co.* v. *Wagner Mfg. Co.*, 225 U. S. 604, 614, a patent case, as authority for the proposition that in an accounting, the plaintiff must first prove the existence of profits attributable to his inventions. The respondent urges that since the Trade-Mark Act of 1905 and Rev. Stat. 4921 (the Patent Act) contain certain identical language, the above authority is controlling in trade-mark cases.

This argument is dangerously misleading for the reason that, while the two statutes are in harmony as to when an accounting will be ordered, the Trade-Mark Act of 1905

contains the additional clause that "in assessing profits the plaintiff shall be required to prove defendant's sales only," and no corresponding language is to be found in the Patent Act.

Consequently, and despite the respondent's argument to the contrary, when an accounting of profits for trade-mark infringement has been ordered, the plaintiff is not required to prove the existence of profits attributable to the use of the infringing mark. He is required to prove the infringer's sales only. *This is statutory, and no asserted parallelism between patent and trade-mark cases can defeat it.*

If the respondent interprets the holding in the *Westinghouse* case correctly, then that holding differs from the holding in the subsequently decided case of *Hamilton-Brown Shoe Co.* v. *Wolf Bros. & Co., supra.* Inasmuch as the *Hamilton-Brown* case is a trade-mark case and the *Westinghouse* case is not, it would seem that the *Hamilton-Brown* case is entitled to greater weight in the instant case.

The case of *Sheldon* v. *Metro-Goldwyn Pictures Corp.*, 309 U. S. 390, does not support the argument for which it is used by the respondent. The respondent cites this case to show that petitioner in the present case is not entitled to an accounting of profits. In the *Sheldon* case the accounting of profits was awarded.

The *Sheldon* case related to the computation of the profits due to the complainant from the exhibition of an infringing motion picture. In the accounting proceedings, the defendant assumed the burden of proving profits attributable to factors other than the infringement, such as the popularity of the actors, the scenery, and expert producers and directors. This Court did not in any

respect modify its *Hamilton-Brown* decision but expressly reiterated the holding in that case as follows:

> "• • • Petitioners cite our decision in the trade-mark case of *Hamilton-Brown Shoe Co.* v. *Wolf Bros. Co.*, 240 U. S. 251, but the Court there, recognizing the rulings in the *Westinghouse* and *Dowagiac* cases, found on the facts that an apportionment of profits was 'inherently impossible'. The burden cast upon the defendant had not been sustained." (Page 405.)

Conclusion.

It is respectfully submitted that the brief of respondent does not overcome in any respect the reasons heretofore presented by the petitioner for directing that the respondent adequately account to the petitioner for the profits from the sales of the infringing marked heels and for the damages the petitioner sustained, and accordingly this Court is respectfully requested to direct that such relief be granted.

Respectfully submitted,

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1941

No. 649

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,
Petitioner,
vs.
S. S. KRESGE COMPANY,
Respondent

BRIEF OF RESPONDENT

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IN THE

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OCTOBER TERM, 1941

No. 649

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,
Petitioner,
vs.
S. S. KRESGE COMPANY,
Respondent

BRIEF OF RESPONDENT

STATEMENT OF THE CASE

In our opinion a more complete statement of the case is necessary to an understanding of the problems raised by the petition. We therefore exercise our right under Rule 27, paragraph 4, to supplement and correct petitioner's statement of facts.

Petitioner is a manufacturer and wholesaler only. It manufactures its "Mishko" heel, exhibited by plaintiff's exhibit 16 attached to the petition, for the purpose of being attached as a component part of its finished footwear which is then wholesaled to the trade. Petitioner has consistently refused to manufacture and sell replacement heels (R. 56).

Respondent, S. S. Kresge Company, on the other hand, is a retailer only. It retails rubber heels only for replacement purposes on footwear previously manufactured and sold by someone else.

Petitioner's exhibit 16 indicates, and the affidavit of its president, Mr. Fink, admits (R. 53) and the Trial Court found (R. 303) that the red circular ball figure is never used alone by petitioner on its rubber heels attached to its finished footwear. The heels have always borne in addition to the red circular trade-mark, the words "Mishko," then in a parallelogram "First Quality, Ball Band, Mishawaka, Ind." and then below "Made in U.S.A." with the red plug inserted centrally in the parallelogram with the words "Trade-Mark" thereon.

On the other hand, all of the replacement heels retailed by respondent, known as the "Crusader" heels, have had embossed thereon besides the name "Crusader" the name of "S. S. Kresge" or "S. S. Kresge Company." Petitioner's exhibits 33, 59 and 79 so indicate.

All of the replacement heels sold at retail by respondent known as the "Surefoot" heels and manufactured by the O'Sullivan Rubber Company, have embossed thereon the arbitrary name "Surefoot." All of these heels except the two large men's heels which petitioner has seen fit to exhibit in its petition known as Exhibits 37 and 54, have had embossed thereon the words "Gettysburg, Pa." which is the place where the heels are manufactured by the O'Sullivan Rubber Company.

Petitioner claimed by letter dated May 5, 1933 (R. 362) that the Crusader's head ornamentation in the color red and evidenced by petitioner's exhibit 79, was an infringement. By wire dated May 19, 1933 (R. 143) respondent's buyer ordered the Essex Rubber Company to discontinue making up for defendant Crusader heels with the ornamentation above mentioned in red. Thereafter, from June 6, 1933, until June, 1934, the Crusader heels in the same ornamentation with the name "S. S. Kresge Company" thereon were made up in the color orange as indicated by petitioner's exhibit 59. On June 14, 1934, petitioner wrote respondent relative to the Crusader heel, arbitrarily demanding (see exhibit 134—R. 409):

> "We now demand that you discontinue immediately the display and sale of rubber heels bearing circular marks in red, pink, orange, yellow or any other colors in which you have been or are using such marks."

On June 29, 1934, respondent notified the Essex Rubber Company to discontinue all deliveries to it of the Crusader heel until "your Mishawaka trouble is straightened out" (R. 143). Thereafter, the molds were changed and beginning September 15, 1934, the Crusader heel was purchased from the Essex Rubber Company with the Crusader's head in hollow relief indented upon a diamond shaped mark in natural rubber color as evidenced by petitioner's exhibit 33.

In December of 1931 Essex Rubber Company first began using red as a color for its Crusader mark contrasting with the black rubber of its heels manufactured for replacement purposes (R. 166). Respondent, however, did not begin to purchase these heels from Essex Rubber Company until June of 1933.

The Surefoot heels were first manufactured as early as 1920 by the O'Sullivan Rubber Company, Inc. of New York

City (R. 170). They were first purchased on or about July 1, 1934, by respondent, S. S. Kresge Company (R. 141-2, 170). Petitioner claimed by letter dated August 11, 1934, that these heels were an infringement of its rights. Correspondence with plaintiff's attorney continued to September 12, 1934, relative thereto (R. 408). In November of 1934, respondent ordered discontinuance of the Surefoot heels with the Indian head in the color red (R. 141-2). Thereafter the color was changed to green and purchases have continued (R. 170) in that color.

The Evergrip heel was first manufactured by the Boston Woven Hose & Rubber Company in 1923 (R. 171). It was first purchased by respondent early in 1934, having as an identifying symbol in addition to the name "Evergrip" an American eagle in a circular disk in the color white, but after approximately two months the color was changed to a beige or tan color as exhibited by petitioner's exhibit 48 (R. 143).

An analysis of the heels on display in defendant's sixty-seven stores covered by petitioner's affidavits was made in July of 1935, just prior to the preliminary hearing (R. 209). It disclosed that the Crusader heel with its ornamentation as heretofore described in the color red made up but 1.54% of the heels on display or a total of 173 pairs out of 11,204; that the Surefoot heel with its ornamentation as heretofore described in the color red constituted but 8.52% of the heels on display or a total of 955 pairs (R. 172-3).

When placed upon the sales counters of the respondent, S. S. Kresge Company, these various assorted heels ornamented, marked and named as above described, were segregated and so arranged as to provide a colorful and attractive display of merchandise (R. 175). They were never indiscriminately mixed together as petitioner contends, for the Trial Court found (R. 302):

"That the replacement heels offered for sale by the defendant, S. S. Kresge Company, when placed by them upon their counters, were never indiscriminately displayed together but were customarily and usually arranged in such a manner as to display a variety of the colored inserts to the prospective purchaser and without emphasizing any colored insert over any other colored insert, and in each instance segregating and massing particular colors together in order to provide an attractive display of the articles, but there is proof that subsequently some of these heels became indiscriminately mixed."

Prior to the preliminary hearing on August of 1935, respondent voluntarily discontinued the purchase for sale at retail of replacement heels with an ornamented trade-mark in either red or orange but declined to discontinue other contrasting colors as arbitrarily demanded by petitioner in June of 1934 (Exhibit 134—R. 409).

It is significant to note here that petitioner in Point III of its argument, endeavors to extend its injunction from the color red or reddish to all colors, yet in its bill of complaint filed November 28, 1934 (R. 1) it only alleges (R. 2) ownership "of a trade-mark comprising a round or circular figure of a red color" and prays that respondent be enjoined "from directly or indirectly using the said red mark" (R. 7). Its trade-mark registration (R. 338), the affidavit of its president, Mr. Fink (R. 51) and the exhibits, particularly exhibit 16 attached to the petition, all indicate that it has confined and limited its trade-mark to the use of the color red or reddish as found by the Trial Court (R. 250).

For the Court's convenience we have affixed hereto a comparative summary chart.

COMPARTIVE SUMMARY CHART

	Petitioner MISHAWAKA CO.	Respondent S. S. KRESGE CO.		
		1	2	3
		"Crusader" mfg. by Essex Rubber Co.	"Surefoot" mfg. by O'Sullivan Rubber Co.	"Evergrip" mfg. by Boston Woven Hose & Rubber Co.
GOODS:	Completed Footwear *only*	Replacement rubber heels only	Replacement rubber heels only	Replacement rubber heels only
TRADE-MARK	"Mishko" "Ball Band" in raised lettering, also "Mishawaka, Indiana" at bottom	"Crusader" in prominent raised lettering, also "S. S. Kresge Co." at the bottom	"Surefoot" in prominent raised lettering, also "Gettysburg, Pa." at bottom of all heels except very large men's heel	"Evergrip" in prominent raised lettering
ORNAMENTATION: (1) Configuration	Disk or plug inserted in heel with words "Trake Mark" on top surface	Engraved bas relief or crusader head and helmet at first on circular background in depressed portion of heel but now on diamond background in depressed portion of heel	Engraved bas relief of Indian head in full feather headdress on circular background in depressed portion of heel	Engraved bas relief of spread American eagle on circular background in depressed portion of heel
(2) Colors used	Red only	At first red, then orange and now a crepe rubber color	At first red but now green	White and beige
(3) Shapes	Circular	At first circular but now diamond shape	Circular	Circular
(4) Placement	Top surface above plane of heel surface; no depressed rim	Top surface below plane of heel surface; depressed rim	Top surface below plane of heel surface; depressed rim	Top surface below plane of heel surface; depressed rim

SUMMARY OF ARGUMENT

The Trade-Mark Act of 1905, particularly Section 19, is procedural in its nature and does not create substantive rights in trade-marks nor does it require in each and every case an accounting for profits. The degree of judicial interference will necessarily depend upon the facts proved and found in each case.

The theory upon which petitioner can require an accounting from respondent for its profits is that respondent has obtained such profits in part or in whole from sales attributable to its infringement on the theory of a trustee *ex maleficio*. However, the record shows, and both the Trial Court and the Court of Appeals found, that none of respondent's sales of replacement heels were attributable to its very technical infringement due to the use of the color red. Furthermore, the Court found that petitioner lost no sales as a result thereof.

In the first instance, petitioner must prove the existence of sales attributable to respondent's infringement of its trade-mark, but here respondent has derived no profits attributable to its technical infringement and therefore the carefully limited accounting awarded to petitioner is all that it is entitled to.

We deny the asserted conflict on the law between the instant case and cases in the Third and Seventh Circuits, the difference in results being attributable to the difference in the facts proved and found.

Damages which are uncertain or speculative cannot form the basis of a recovery. The record shows that petitioner lost no sales attributable to respondent's technical infringement and there being no other reliable proof of

damages petitioner is not entitled to an accounting therefor.

The use by petitioner of a circular red plug on its heels used and sold only as a component part of its finished footwear does not give petitioner monopolistic rights to other colors contrasting to the base color of the heel and particularly when those heels are sold by respondent at retail and only for replacement purposes.

ARGUMENT

PART I (a)

THE DECISION IS NOT IN CONFLICT WITH THE TRADE-MARK ACT. THE ACT IS PROCEDURAL, DOES NOT CREATE SUBSTANTIVE RIGHTS IN TRADE-MARKS, NOR REQUIRE IN EVERY CASE AN ACCOUNTING OF PROFITS. THE ACQUISITION OF SUCH SUBSTANTIVE PROPERTY RIGHTS DEPENDS UPON THE LAWS OF THE SEVERAL STATES. THE COURT OF APPEALS RECOGNIZED THESE PRINCIPLES AND THE DEGREE OF ITS JUDICIAL INTERFERENCE NECESSARILY DEPENDED UPON THE FACTS PROVED AND FOUND IN THE CASE

Our position is that the Trade-Mark Act of 1905 did not create in registrants thereunder substantive rights, but procedural rights only; further, that resort must be had to the laws of the several states to determine the substantive rights pertaining to a trade-mark when affixed to the registrant's products.

Neither did the Trade-Mark Act intend to deprive the Courts of their judicial function in awarding or withholding injunctive relief or in determining the extent thereof; nor in awarding or withholding an accounting for profits or for damages or both, or in determining the extent thereof. The Act, we submit, leaves it the function of the Court to determine if there have been sales attributable to the infringement and to determine also by its decree the profits from which sales there shall be an accounting.

Petitioner would interpret the Trade-Mark Act of 1905 in such a way as to confer jurisdiction upon the federal courts but at the same time to deprive the Court of its

judicial function in determining when and by what norm and on what sales an accounting of profits should be awarded.

Section 19 of the Trade-Mark Act was not intended to create in the registrant substantive property rights but such rights rest upon the laws of the several states, *American Trading Company v. Heacock Company*, 285 U. S. 247, 258. Registration of a trade-mark under the Act of Congress of 1905 does not and can not have the effect of enlarging the rights of petitioner beyond what they would have been under common law principles, *United Drug Company v. Rectanus*, 248 U. S. 90, 99.

In *American Foundries v. Robertson*, 269 U. S. 372, at 381, the Court in discussing the Trade-Mark Act of 1905, said:

> "The general doctrine is that equity not only will enjoin the appropriation and use of a trade-mark or trade name where it is completely identical with the name of the corporation, but will enjoin such appropriation and use where the resemblance is so close as to be likely to produce confusion as to such identity, to the injury of the corporation to which the name belongs. *Cape May Yacht Club v. Cape May Yacht & Country Club*, 81 N. J. Eq. 454, 458; *Armington & Sims v. Palmer*, 21 R. I. 109, 115. *Judicial interference will depend upon the facts proved and found in each case. Hendriks v. Montagu*, L. R. 17 Ch. Div. 638, 648; *Higgins Co. v. Higgins Soap Co.*, 144 N. Y. 462, 469-471.
>
> *These principles, it must be assumed, were in mind when Congress came to enact the registration statute. And, since that body has been given no power to legislate upon the substantive law of trade-marks,* it reasonably may be assumed, also, that, to the extent the contrary does not appear from the statute, the intention was to allow the

registration of such marks as that law, and the general law of unfair competition of which it is a part, recognized as legitimate."

If as stated in the above quotation "judicial interference will depend upon the facts proved and found in each case" then the language of Section 19 of the Trade-Mark Act—"in addition to the profits to be accounted for"—does not require the federal courts at all times and at all events to award profits, but leaves to the courts their judicial function to determine what sales are attributable to the infringement and hence what profits are to be accounted for in the accounting. After the court has delineated the class of sales for which an accounting of profits should be made, it is then incumbent upon registrant under Section 19 "to prove defendant's sales only; defendant must prove all elements of cost which are claimed."

The record abundantly justifies the conclusion that no part of respondent's profits either in whole or in part, on any of the replacement heels involved in this suit, are attributable to the very technical infringement here found resulting from the use of the color red. Petitioner not only has failed to prove the existence of any profits accruing to the S. S. Kresge Company attributable to its trade-mark, but the record shows and the trial court has found that petitioner has lost no sales and respondent has made no sales because of the markings here called in question (R. 301-2-3).

The burden of proof rests upon petitioner in the first instance to prove the existence of profits accruing to respondent but attributable to its trade-mark, for in *Westinghouse Manufacturing Company v. Wagner Manufacturing Company*, 225 U. S. 604, it is said (p. 614):

> "The question who has the burden of proof in cases like this, is one of great practical importance and constantly arises in patent cases * * * (p. 621). In the present case the infringer's conduct has been such as to preclude the belief that it has derived no advantage from the use of the plaintiff's infringement. * * * (p. 621). All the inconvenience of the confusion is therefore upon the party who produces it, and it is for him to distinguish his own property or lose it. It may be argued that, in its last analysis, this is but another way of saying that the burden of proof is on the defendant. And no doubt such, in the end will be the practical result in many cases, but such burden is not imposed by law; *nor is it so shifted until after the plaintiff has proved the existence of profits attributable to his inventions and demonstrated that they are impossible of accurate or approximate apportionment.* If then the burden of separation is cast on the defendant, it is one which justly should be borne by him, as he wrought the confusion."

In the Westinghouse case quoted from above, the Court was called upon to construe Section 4921 of the Rev. Stat. which provides in case of infringement of patents that the complainant shall be entitled to recover "the profits to be accounted for by the defendant." These quoted words are identical with Section 19 of the Trade-Mark Act of 1905 and this Court has recognized that the Congress intended to produce a parallelism in these two statutes. See *American Foundries v. Robertson,* 262 U. S. 209, 215.

The identical language of the Trade-Mark Act would seem therefore to be entitled to the same interpretation placing the burden of proving the existence of profits attributable to his mark, upon the registrant in the first instance.

The Court of Appeals in our case recognized that the burden of proof in the first instance was upon petitioner to prove that respondent obtained profits attributable to its technical infringement (R. 446) but it found (R. 446):

> "From the circumstances of this case, there appears no reasonable probability that there was confusion or deception without evidence of the fact. Therefore, the burden was upon appellant to prove that appellee had made profits attributable in whole or in part to the use of appellant's trade-mark, even though they used identical or similar colors."

It also found (R. 442):

> "There is no finding of fact in the case at bar and we find no evidence in the record to support the inference that appellee adopted the symbol used on its heels for the fraudulent purpose of attracting to itself business or sales which belonged to appellant and there is no evidence that any such sales occurred. * * * No justification is found in the record for an inference that anyone appears to have been deceived by appellee's trade-mark into purchasing its shoe heels and lifts in the belief that he was purchasing shoe heels produced by appellant."

It is also evident from the findings made by the District Court that respondent received no profits attributable to petitioner's trade-mark (R. 301-2).

We submit that Section 19 of the Trade-Mark Act has been properly followed by the Court of Appeals in recognition of and in obedience to the decisions of this Court interpreting its scope and function.

PART I (b)

THE ACCOUNTING AWARDED IN THE INSTANT CASE IS IN ACCORD WITH THE APPLICABLE DECISIONS OF THIS COURT IN ANALOGOUS CASES

No allegation is made nor is there any finding in this case by either the District Court or the Court of Appeals of any interference with either interstate or foreign commerce. Therefore, the conclusion of Mr. Justice Holmes in *United States Printing Company v. Griggs and Company*, 279 U. S. 156, is applicable, *i. e.*, that the Trade-Mark Act of 1905 provides no remedy where the infringement of a trade-mark registered under it is within the limits of a state and does not interfere with interstate or foreign commerce.

The very few sales of replacement rubber heels by respondent over its counter locally to its customers which the Trial Court found technically to infringe because of the use of the color red have not been found to interfere with interstate or foreign commerce.

Furthermore, since Congress has been given no power to legislate upon the substantive law of trade-marks, *American Foundries v. Robertson*, 269 U. S. 372, 381, *American Trading Company v. Heacock Company*, 285 U. S. 247, 258, resort must be had to the state law for the determination thereof "under common law principles." *United Drug Company v. Rectanus*, 248 U. S. 90, 99.

The better view is that questions pertaining to the measure of damages recoverable are matters of substantive law, not matters of procedure, *Goodrich on Conflict of Laws*, Sec. 88, 211; *Restatement of the Law, Conflict of Laws*, Sec. 412.

In this regard Michigan law recognizes and relies upon *Straus v. Notaseme Company,* 240 U. S. 179; see *Liberty Oil Corporation v. Crowley Milner Company,* 270 Mich. 187, 193.

There is such a striking parallel between our case and *Straus v. Notaseme Company, supra,* that we quote at length from Mr. Justice Holmes' opinion therein (p. 182):

> "We assume that, coupled with the script upon the band, there is sufficient pictorial similarity to deceive some persons, but, unless we go considerably farther, to charge the defendants with all the profits would be unjust.
>
> "The question remains whether the petitioners' sales probably were induced to any large extent by confusion in the mind of the public between the petitioners' goods and the plaintiff's. The goods were different in character, were called by a different name, were sold mainly in different places and by parties not likely to be mistaken for each other. The petitioners had advertised them as Irontex since April, 1908. Their business was that of retailers in the city of New York, where they were widely known. The Notaseme Company's business was wholesale, from Philadelphia, starting with New England and the South. So far as purchasers bought because the petitioners recommended the goods, or on the strength of the name, by whatever recommended, as distinguished from the colors and figures of the label, or from knowledge of the specific article, or from preference for full fashioned over seamless hose, *or for any reason but the inducement of the red square, bar, and script supposed to indicate the plaintiff's hose, the plaintiff has no claim on the petitioners' profits.*
>
> "There is some indication that the plaintiff's business was mainly in hosiery for men, while Macy & Company's was more than three quarters

> for women and children. That the name, which the defendants do not imitate, but, on the contrary, exclude by using another wholly unlike it, was thought more important by the plaintiff than it now is willing to admit, is shown not only by the use of it upon the trademark proper, but by the adoption of a new name for the plaintiff company to conform to it. Taking all these considerations into account coupled with the absence of evidence that any deceit or substitution was accomplished in fact, we find it impossible to believe that any considerable part of the petitioner's business was due to their goods being supposed to be the plaintiff's hose. The petitioners properly were enjoined from further use of the mark in controversy, but, so far as the decree charged them with profits, it is reversed."

All of the matters discussed by Mr. Justice Holmes in the quoted provisions above are equally applicable and may be repeated with respect to the difference between the replacement heels sold by the respondent, S. S. Kresge Company, only at retail and the heels of petitioner manufactured for use only in connection with its finished footwear and never sold at wholesale or at retail for replacement purposes. To borrow Justice Holmes' language, respondent's and petitioner's heels "were different in character, were called by a different name, were sold mainly in different places and by parties not likely to be mistaken for each other." The Court of Appeals so found (R. 445).

Petitioner relies strongly upon the case of *Hamilton-Brown Shoe Company v. Wolf Bros. & Company,* 240 U. S. 251. However, that was a case where the infringing party had made profits attributable to the infringement and the difficulty arose by reason of the infringer's confusion of its wrongful profits with its rightful profits. Such is not our case, however.

The language of the Court in *Ammon & Person v. Narragansett Dairy Company,* 254 Fed. 208 (affirmed 262 Fed. 880) at p. 209, expresses our thoughts with respect to the distinction between our case and the Hamilton-Brown Shoe Company case:

> "*Hamilton-Brown Shoe Co. v. Wolf Bros. Co.,* 240 U. S. 251, 36 Sup. Ct. 269, 60 L. Ed. 629, has slight application to the facts of the present case. In that case of fraudulent imitation the court applied the principle applicable in cases of tortious confusion of goods. 240 U. S. 262, 36 Sup. Ct. 269, 60 L. Ed. 629. *It is to be noted that the exclusion from an accounting of sales, where the infringing mark was accompanied by matter clearly indicating that the goods were of the defendant's manufacture, was affirmed.* 240 U. S. 255, 260, 36 Sup. Ct. 269, 60 L. Ed. 629. See, also, *Wolf Bros. Co. v. Hamilton-Brown Shoe Co.,* 206 Fed. 611, 619, 124 C. C. A. 409. The rule applicable in cases of confusion of goods extends no further than necessity requires. See cases cited in *Bouvier's Law Dict. (Rawle's 3d Ed.), Vol. 1,* pp. 605, 606."

We call attention here to the finding by the Trial Court (R. 302 (e)):

> "That nearly all of the rubber heels which were on display in the S. S. Kresge Company stores covered by plaintiff's affidavits have borne in addition to the colored marks identifying trade marks, symbols or other indicia which further indicates that the heels being offered for sale by the S. S. Kresge Company were not the heels manufactured by the plaintiff."

If the same type of sales excluded from the accounting in the Hamilton-Brown Shoe Company case, were excluded in our case, then we submit in view of the foregoing finding, that no accounting at all would be justified.

This Court has recognized that a court may or may not award an accounting of profits following a determination of trade-mark infringement (See *Straus v. Notaseme Co.*, 240 U. S. 179, *Saxlehner v. Siegle-Cooper Company*, 179 U. S. 42, where no accounting was awarded, and *Hamilton-Brown Shoe Company v. Wolf* where a limited and carefully defined accounting of profits was allowed.

Furthermore, the theory upon which petitioner can require an accounting from respondent is that respondent has obtained profits due in part or in whole to sales attributable to the infringement on the theory that respondent has become a trustee *ex maleficio* thereof; see *Hamilton Brown Shoe Company v. Wolf*, 240 U. S. 251, *Leman v. Krentler-Arnold Hinge Last Company*, 284 U. S. 448, *Aladdin Manufacturing Company v. Mantle Lamp Company*, 116 F. 2d 708, *Anchor Stove & Range Company v. Rymer*, 97 F. 2d 689.

As we have heretofore pointed out, both the District Court and the Court of Appeals found that respondent received no profits attributable to its technical infringement. It therefore becomes apparent that in carefully defining and limiting the accounting here awarded the trial court and the appellate court were correct, both having cited and relied upon applicable decisions of this Court.

PART I (c)

THE RULING IN THE CASE AT BAR DOES NOT CONFLICT WITH THE HOLDING OF THE CIRCUIT COURT OF APPEALS FOR THE THIRD AND SEVENTH CIRCUITS BECAUSE THE PROOFS AND FINDINGS OF FACT IN OUR CASE JUSTIFY THE RESULTS REACHED

We believe that the striking contrast between the findings of fact in our case and in *Aladdin Manufacturing Company v. Mantle Lamp Company of America,* 116 F. 2d 708, explains and justifies the difference in the result reached in the two cases.

We dispute the asserted conflict on the law.

In the Aladdin case the Court of Appeals found on page 716:

> "That the acts of the infringer were wanton, wilful and intentionally fraudulent, not only in infringement but also in unfair competition."

It should be noted here parenthetically that "the law of trade-marks is but a part of the broader law of unfair competition," *United Drug Company v. Rectanus,* 248 U. S. 90, 97.

The appellant in the Aladdin case proved (p. 714) deliberate effort on the part of the infringer to profit wrongfully from its magazine and radio advertising. The Court found (p. 714) that there were numerous sales in seven states "in which false representations were made resulting in selling to appellant's dealers goods of appellee (the infringer) as those of appellant."

With such a background proving not only actual profit accruing to the infringer and attributable to the infringement, but also a deliberate and fraudulent effort to cultivate and continue such accumulation at the expense of the owner, it is not surprising that an accounting of profits and damages was ordered.

The theory upon which the owner of a trade-mark is permitted to recover profits is evident from the opinion in the Aladdin case, where on page 715 it is said:

> "He (the owner) might proceed in equity and recover the profits which the infringer had made by the unlawful use of his invention, *the infringer in such a suit being regarded as trustee of the owner of the patent as respects such gains and profits.* • • • In equity, he, the wrongdoer, has a double character, being first treated as a species of agent or trustee practising the invention for the benefit of its true owner, obliged to pay him the profits of the enterprise."

It is apparent from the foregoing that if and when there are profits accruing to the infringer from sales attributable to the infringement, either in part or in full, then the infringer should account to the owner for those profits.

The Court of Appeals for the 6th Circuit in the case at bar recognized this theory for the recovery of profits by way of accounting when it said (R. 446):

> "but before he is entitled to an accounting of profits for the use of his mark, the burden rests on him to show by a fair preponderance of evidence that either actual or reasonable probable deception or confusion has resulted and regard must be given to the class of persons who purchase the articles and to the circumstances ordinarily attending their sale. From the circumstances of this case, there appears no reasonable probability that there was confusion or deception without evidence of the fact."

The Court of Appeals also found (R. 442):

> "There is no finding of fact in the case at bar and we find no evidence in the record to support the inference that appellee adopted the symbol used

> on its heels for the fraudulent purpose of attracting to it business or sales which belonged to appellant and there is no evidence that any such sales occurred. * * * No justification is found in the record for an inference that anyone appears to have been deceived by appellee's trade-mark into purchasing its shoe heels and lifts in the belief that he was purchasing shoe heels produced by appellant."

It is, therefore, apparent that respondent S. S. Kresge Co. obtained no sales attributable to its very technical infringement. Therefore, it may truthfully be said that it holds none of its profits as a trustee *ex maleficio*. See *Hamilton Brown Shoe Company v. Wolf Brothers & Company*, 240 U. S. 251, at p. 259, where the theory of a trustee *ex maleficio* is discussed.

Furthermore, the opinion in the Aladdin case indicates that the Court of Appeals for the 7th Circuit recognized that profits from sales not attributable to the infringement should be excluded from the accounting for they did as much in excluding the profits from the sale of "Aladdin Smoking Stands" and "Aladdin Smoking Trays" (p. 712).

* * * * *

An analysis of *Duro Company v. Duro Company*, 56 F. 2d 313, and the previous appeal in the same cause found in 27 F. 2d 339, leads us again to deny an asserted conflict between those cases and the case at bar.

The second appeal found in 56 F. 2d 313, and relied upon by petitioner, deals principally with a determination of the proper "elements of cost" provable by defendant under Section 19 of the Act in arriving at the actual figures in the accounting ordered. It is clear, we submit, that the Court awarded an accounting not for all of defendant's sales but for only those profits from defendant's sales which were attributable to the infringement, for on page 313 it is said:

> "The matter was referred to a Master, to take the usual accounting and report to the Court the *defendant's profits by reason of the infringement* or damages caused by its wrongful acts."

There was proof in the Duro cases indicating either actual or reasonably probable deception and confusion, for in the District Court's opinion found in 27 F. 2d 336 at p. 338, we find the following finding (p. 338):

> "The plaintiff was the first to adopt the name "Duro" as applicable to its electrical product. *By the unwarranted use by the defendant of this name undoubtedly purchasers were misled.* A man purchasing a Duro engine, and requiring a new spark plug, would undoubtedly seek a Duro plug. The Duro plugs are made of a size to fit exactly in the Duro engine. The difference in letter arrangement would not enable the purchaser to detect the simulated article. The plaintiff is entitled to the reputation his goods have acquired under the term "Duro," whether this name be a surname or not, and whether it is a technical trademark or not. *The essence of the wrong is the sale of these electrical goods for those of the plaintiff.*"

and in the Court of Appeals decision in the first appeal found in 27 F. 2d 339, the following finding is made (p. 339):

> "As the goods of both companies are sold by the same class of dealers, it is quite clear that the owner of a Duro engine might well assume that a spark plug, marked 'Duro' and furnished by the same dealer as his Duro engine, was a replacement made by the maker of the Duro engine; and if so misled into purchase, and the spark plug proved unsatisfactory, the impairment of good will resulting therefrom would fall upon the maker of the Duro engine * * * (p. 340) but under the surrounding circumstances (we) limit the accounting from the date of the filing of the bill."

We contrast these findings in the Duro case with the findings in our case of no sales attributable to the very technical infringement resulting from the use of the color red.

The Court of Appeals in our case said (R. 446):

> "From the circumstances of this case, there appears no reasonable probability that there was confusion or deception without evidence of the fact."

and the District Court found (R. 301-2):

> "(a) There is no direct testimony that the defendant, S. S. Kresge Company, its agents and employees, did and there is testimony that they did not attempt to palm off in any instance its heels as the heels manufactured by the plaintiff company.
>
> "(b) I find that there is no proof that any purchases of heels from the defendant, S. S. Kresge Company, was motivated by a belief on the part of the purchaser that he was getting plaintiff's product but there is reasonable likelihood that some may have.
>
> "(c) There is no direct proof that the plaintiff, Mishawaka Rubber Company, has lost sales as the result of purchases made from the defendant, S. S. Kresge Company, of either the Crusader heel or the Sure-Foot heel with the trade-mark in the color red.
>
> "(e) That nearly all of the rubber heels which were on display in the S. S. Kresge Company stores covered by plaintiff's affidavits have borne in addition to the colored marks identifying trademarks, symbols or other indicia which further indicates that the heels being offered for sale by the S. S. Kresge Company were not the heels manufactured by the plaintiff."

* * * * *

To summarize our position, we maintain that in the Aladdin case and in the Duro case, as we have indicated by quotations from opinions, there were sales attributable to the infringement which resulted in profits making the infringer a trustee *ex maleficio* of them and justifying the accounting ordered.

But the contrary circumstances are true in our case for here respondent did not make any sales nor enjoy any profits attributable to its very technical infringement. Both the trial and appellate courts so found as we have indicated.

While the principles of law remain constant the result may vary depending upon the facts proved and found in each case which here explain the ultimate result reached.

> "Judicial interference will depend upon the facts proved and found in each case." *American Foundries v. Robertson,* 269 U. S. 372, 381.

We submit that the asserted conflict is not on the law but upon the facts proved and found.

PART II

THE COURT OF APPEALS WAS JUSTIFIED IN VIEW OF THE ABSENCE OF RELIABLE PROOF OF DAMAGES IN NOT AWARDING AN ACCOUNTING THEREFOR

The Trade-Mark Act does not require an accounting for damages at all times and in all cases but the degree of "judicial interference will depend upon the facts proved and found in each case. These principles, it must be assumed, were in mind when Congress came to enact the registration statute," *American Foundries v. Robertson,* 269 U. S. 372, 381.

Prior to the adoption of Section 19 of the Trade-Mark Act of 1905, being 15 U. S. C. A. 99, there was considerable doubt whether in the same case in a court of equity the owner could recover profits attributable to the infringement and in addition thereto, the damages sustained from the infringement. The Trade-Mark Act removed this doubt.

In the *Aladdin* case, 116 F. 2d 708, relied upon by petitioner, it is clear from the court's opinion that the purpose of Section 19 of the Trade-Mark Act of 1905 was to permit the recovery in a proper case of both profits and damages. On page 715 it is said:

> "Under the act covering trade-marks, Title 15 U. S. C. A. Section 99 * * * The procedure is analogous to that in patent cases."
>
> "Before passage of the act of 1870, 16 Stat. 270, two remedies were open to the owner of a patent whose rights had been infringed, and he had his election between the two. He might proceed in equity and recover the profits which the infringer had made by the unlawful use of his invention, the infringer in such a suit being regarded as trustee

> of the owner of the patent as respects such gains and profits; or he might sue at law, in which case he would be entitled to recover as damages, compensation for the pecuniary injury suffered by the infringement; the measure of damages in such case being not what the defendants had gained but what the plaintiff had lost."

It is said in *Hamilton-Brown Shoe Company v. Wolf Brothers & Company* (1915), 240 U. S. 251, at 259:

> "In the courts of England, the rule seems to be that a party aggrieved must elect between both damages and profits and cannot have both. In this country, it is generally held that *in a proper case* both damages and profits may be awarded."

We believe it to be clear that the judicial function of determining whether the "proper case" was presented and proved, was not interfered with by the Trade-Mark Act.

In the Aladdin case (p. 717) "there was proof of injury to appellant's business in appellee's conduct, including injury to its goodwill and nullification of its advertising program for which it expended large sums of money, over and above the profits gained by appellee. For such injury it was entitled to compensatory damages."

Contrast with the facts in the Aladdin case, the proofs in our case.

The only proof in the record justifying any speculation as to damages is found in the affidavit of Mr. Fink, president of the petitioner corporation. On page 78 he says: "It is believed that said acts have been and are causing a great amount of damage to plaintiff." This affidavit was sworn to on June 14, 1935, and was filed with the Clerk of the Court on June 17, 1935. It is obviously speculation as far as Mr. Fink is concerned. We objected to its admissi-

bility in paragraph (i) on page 226. This was discussed at the trial, on April 20, 1938, and may be found at page 238 of the record, where the Trial Court agreed with us.

It is obvious that plaintiff in 1938 on the trial elected to stand on the same proofs that it offered in August of 1935 at the preliminary hearing. It had three years in which to accumulate any proof that it was sustaining damage. The fact that it found no proof and offered no proof to supplement this speculation found in an affidavit filed in 1935, ought to be enough to support any court that no damage was sustained by the petitioner.

The trial court found (R. 302):

> "c. There is no direct proof that the plaintiff, Mishawaka Rubber Company, has lost sales as a result of purchases made from the defendant, S. S. Kresge Company, of either the Crusader heel or the Sure-Foot heel with the trade-mark in the color red."

In *Anchor Stove and Range Company v. Rymer*, 97 F. 2d 689 at 691, it is said:

> "'*When a plaintiff in a trade-mark or unfair competition case seeks to recover damages, the burden is on him to prove by competent and sufficient evidence his lost sales,* or that he was compelled to reduce prices as the result of his competitor's wrongful conduct. There is no presumption of law or of fact that a plaintiff would have made the sales that the defendant made.' The authorities sustaining this principle are sufficiently cited in the text. Especially is this true when the alleged infringer sells his product at a substantially lower price, for 'It does not follow, because a party makes a purchase at a lower price, that he would have bought the same article at a higher price.' *Cincinnati Siemans Gas Co. v. Western Siemans Co.*, 152 U. S. 200, 206, 14 S. Ct. 523, 526, 38 L. Ed. 411.

> "The presumption relied upon by the master is undoubtedly derived from those cases in which an award of profits made by the wrongdoer is made to the person injured on the theory that the wrongdoer is not to be permitted to profit by his unlawful act. *Liability for damage arises solely from the injury done to the property rights of the adverse party, and is not supported by the fiction which places the infringer in the position of a trustee and requires him to account for profits made as such.*"

It is apparent from the findings of the trial court and the above quoted principles of law on damages that plaintiff has failed to make a *prima facie* case justifying such an award.

> "Damages which are uncertain or speculative cannot form the basis of a recovery." *Oil Corporation v. Crowley-Milner Company,* 270 Mich. 187.

> "It is well understood that such evidence must show damages to reasonable certainty. Mere 'plausible anticipation' does not merit consideration nor are flights into the realm of pure speculation entitled to be treated as evidence." *Connecticut Ry. & Lighting Company v. Palmer,* 305 U. S. 493-505.

When the trial court's finding of a tendency to injure petitioner's goodwill (R. 252) stressed by petitioner, is considered in the light of the Court's subsequent amended finding of no loss of sales (R. 301) it is evident that there is no proof of damage, merely a "tendency" which "cannot form the basis of a recovery" under Michigan law. *Oil Corporation v. Crowley-Milner & Company, supra.*

PART III

THE USE BY PETITIONER OF A CIRCULAR RED PLUG ON ITS HEELS USED AND SOLD ONLY AS A COMPONENT PART OF FINISHED FOOTWEAR SHOULD NOT GIVE PETITIONER MONOPOLISTIC RIGHTS AS TO OTHER COLORS CONTRASTING WITH THE BASE COLOR OF THE HEEL AND USED ONLY ON HEELS SOLD BY RESPONDENT AT RETAIL FOR REPLACEMENT PURPOSES

Petitioner argues on page 19 of its brief under Point III that because it has used a red plug on its heels sold only at wholesale as a component part of finished footwear, the public will now conclude that it is the manufacturer of the various heels which respondent sells for replacement purposes at retail, even though they were marked with a green Indian head, a beige American eagle or a Crusader head in natural rubber color as evidenced by its Exhibits 33, 37 and 48. This, it seems to us, is a clear *non sequitur* in the absence of supporting proof of which the record is barren.

The trial Court consistently refused to extend the injunctive relief to any color other than "red or reddish" (original findings, R. 253; Finding 3, R. 288; Finding 5, R. 290, Colloquy R. 277—Decree R. 323).

There is absolutely no proof in this record that any purchases of heels from the respondent, S. S. Kresge Company, in any of the colors involved herein were motivated by a confused belief on the part of the purchaser that he was getting petitioner's product. The Trial Court so found (R. 301-302). The Trial Court furthermore found that there was no proof that petitioner had lost any sales as a result of any purchases of replacement heels made from the respondent, even though the marks were of red (R. 302). It is evident that no deceit

was intended or consummated. The Court of Appeals so found (R. 442).

The Court of Appeals also found (R. 445) that:

> "The symbols and lettering descriptive of the articles and bearing the names of appellant and appellee respectively as manufacturers or producers, are entirely unlike in arrangement, general form and appearance insomuch that no one could mistake the lifts and heels of appellee, excluded from the lower court's injunction, for those of appellant."

Petitioner's president, Mr. Fink, testified (R. 55): "It is believed that the purchasing public, knowing of this unique and peculiar mark of plaintiff's rubber heels (its red plug), will regard and do regard rubber heels like those of the defendant with spots of bright or contrasting colors on the tread face thereof as of the same origin as plaintiff's rubber heels."

We desire to make the same answer to this "belief" which is so lacking in evidentiary value as was made in *Ammon and Person v. Narragansett Dairy Company*, 254 Fed. 208 (affirmed 262 Fed. 880) at p. 509, where the Court said:

> "The plaintiffs' contention that the word 'Queen' alone had become so associated with plaintiffs' goods that it meant to the public plaintiffs' goods, and that therefore defendant's profits are presumably due to that meaning, finds little support in the evidence. The contention is based rather upon a theoretical presumption than upon any substantial testimony.
>
> "To apply in this case a presumption that purchasers who ordered goods from the defendant's factory, or who purchased goods packed in defendant's cartons (which could not be mistaken for

> plaintiffs'), did so because of any knowledge of plaintiffs' reputation or connection with the goods, would be highly unreasonable. Presumptions are never allowed against ascertained and established facts; when these appear presumptions disappear. *Lincoln v. French*, 105 U. S. 617, 26 L. Ed. 1189."

It was not the policy of respondent, S. S. Kresge Company, to mix the heels bearing the various colored marks and the Trial Court so found (R. 302). The heels were segregated and so arranged and displayed to provide an attractive counter without emphasizing any colored insert over any other colored insert (R. 175—Trial Court's findings R. 302). It has been the experience of the respondent that the color red has no sales supremacy over other colors (R. 142).

The margin line of fair trade between petitioner and respondent was set in the preliminary hearings before District Judge Tuttle, August 10, 1935. The S. S. Kresge Company was enjoined from the purchase or sale of replacement heels with the red mark. They were permitted to sell the balance of the heels with the orange mark but were enjoined from any other further purchases thereof (R. 219). Although the final decree (R. 322) did not go as far and permits the purchase and sale of heels with the mark in the orange color respondent voluntarily ceased its use.

From August 19, 1935, the effective date of the preliminary injunction, this margin line was religiously followed by respondent. Respondent since then has used neither red nor orange marks. Petitioner never made any complaint thereafter of its conduct. Petitioner had three years from the time of the preliminary hearing to the time of the trial in which to accumulate evidence that respondent's conduct was damaging to it or that respondent's profits were attributable to petitioner's mark. It

used at the time of the trial in April of 1938 the same affidavits by the same witnesses which were filed in June of 1935 prior to and used upon the preliminary hearing. It must have been satisfied with its proofs, otherwise it would not have induced us to stipulate that the evidence on the preliminary hearing be the same as the evidence on the final hearing. It filed this stipulation on April 4, 1938 (R. 223).

There is no legal or factual basis for enlarging petitioner's injunction to include all colors. Its round red plug is neither original nor arbitrary. It is as old as the "Rising Sun" of Japan which the trial court found that it copies (R. 303).

There can be no monopolistic rights in a circular form, *Patton Paint Co. v. Sunset Paint Co.*, 290 Fed. 323; nor in color, *Taylor v. Bostick*, 299 Fed. 232; *Diamond Match Co. v. Saginaw Match Co.*, 142 Fed. 727, "and a trade-mark which may be infringed by a streak of any color, however applied, is manifestly too broad." See *Leschen v. Broderick*, 201 U. S. 166, 171, where it is said:

> "Upon the plaintiff's theory, a wire rope containing a streak of any description or of any color would be an infringement, and a manufacturer honestly desiring to distinguish his wire rope from that of the plaintiff's by a difference in color might, by adopting a white streak running along the length of the rope across the strands, find himself an infringer, when his real object may have been to obtain a mark which would distinguish his manufacture from that of the plaintiff's. Even if it were conceded that a person might claim a wire rope colored red or white, or any other color, it would clearly be too broad to embrace all colors. So, although it might be possible to claim the imprint of a colored figure on a wire rope, the figure should be so described that other manufacturers would know how to avoid it. If the trade-mark be

> a colored streak, it should be, at least, described, and a statement of the mode in which the same is applied and affixed to the rope; and a trade-mark which may be infringed by a streak of any color, however applied, is manifestly too broad."

We believe that petitioner's claimed injury in this respect is more fancied than real. It produces not one single purchaser who was confused by the ornamental dress of respondent's heels in any color. It is difficult also to believe that there could have been confusion in fact for petitioner does not manufacture heels for sale anywhere in America as replacement heels. Respondent's heels, on the other hand, are sold only for replacement purposes.

There is no justification in the record that any confusion existed, either actually or presumptively. The Court of Appeals so found (R. 442-445-446). Petitioner's theory is unsupported by the proofs.

We submit that petitioner's injunctive relief cannot equitably be extended in view of the proofs in this record.

CONCLUSION

For the foregoing reasons we submit that petitioner has had its day in Court and that in view of the facts here proved and found, no important questions of local law or federal law have been decided in a way probably in conflict with applicable decisions.

We submit, therefore, that under Rule 38, paragraph 5, the Writ prayed for should not issue.

Respectfully submitted,

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FILE COPY

IN THE

Supreme Court of the United States

OCTOBER TERM, 1941

No. 649

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY
Petitioner,
vs.
S. S. KRESGE COMPANY,
Respondent

BRIEF OF RESPONDENT

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Respondent

BRIEF OF RESPONDENT

STATEMENT OF THE CASE

In our opinion a more complete statement of the case is necessary to an understanding of the two questions to be reviewed. We therefore exercise our right under Rule 27, paragraph 4, to supplement and correct petitioner's statement of facts.

Petitioner is a manufacturer and wholesaler only. It manufactures its "Mishko" heel, exhibited by exhibit 16 following page 10 of its brief, for the purpose of being attached as a component part of its finished footwear which is then wholesaled to the trade. Petitioner has consistently refused to manufacture and sell replacement heels (R. 36).

Respondent, S. S. Kresge Company, on the other hand, is a retailer only. It retails rubber heels only for replacement by the purchaser on footwear previously purchased from someone else. It does not sell completed footwear, nor does it sell petitioner's product.

Petitioner's exhibit 16 indicates, and the affidavit of its president, Mr. Fink, admits (R. 34) and the trial Court found (R. 130) that the red circular ball figure is never used alone by petitioner on its rubber heels attached to its finished footwear. The ornamental dress of its heels has always included in addition to the red circular plug, the word "Mishko," then in a parallelgram "First Quality, Ball-Band, Mishawaka, Ind." and then below "Made in U.S.A." The red plug is inserted centrally in the parellelogram with the words "Trade-Mark" thereon.

On the other hand, all of the replacement heels retailed by respondent, known as the "Crusader" heels, and purchased wholesale from Essex Rubber Company of Trenton, New Jersey, have had embossed thereon besides the name "Crusader" the name of "S. S. Kresge" or "S. S. Kresge Company." Petitioner's exhibits 33, 59 and 79 so indicate. (See illustration following page 10 of Petitioner's Brief.)

All of the replacement heels sold at retail by respondent known as the "Surefoot" heels are manufactured and wholesaled to respondent by the O'Sullivan Rubber Company of Gettysburg, Pa. (R. 88). All of these heels have

embossed thereon the arbitrary name "Surefoot." These heels except for the two large men's heels which petitioner has seen fit to exhibit in its brief at page 10, known as Exhibits 37 and 54, have had embossed thereon the additional words "Gettysburg, Pa." which is the place where the heels are manufactured by the O'Sullivan Rubber Company. The trial Court so found (R. 127).

The trade names, the trade mark and the ornamental dress on each of the replacement heels retailed by respondent are not of its choosing. They were selected by and belong to the manufacturers (R. 17, 88, 89, 91).

Petitioner claimed by letter dated May 5, 1933 (R. 138) that the Crusader's head ornamentation in the color red and evidenced by petitioner's exhibit 79, was an infringement. By letter dated May 19, 1933 (R. 140) respondent S. S. Kresge wrote petitioner "We are entirely agreeable to requesting our manufacturer to use some other color unlike red." Petitioner agreed to this (R. 141) and the trial Court so found (R. 126).

On the same day respondent's buyer wired the Essex Rubber Company to discontinue making up for it Crusader heels with the ornamentation above mentioned in red. Thereafter, from June 6, 1933, until June, 1934, the Crusader heels in the same ornamentation with the name "S. S. Kresge Company" thereon were made up in the color orange as indicated by petitioner's exhibit 59. On June 14, 1934, petitioner wrote respondent relative to the Crusader heel, arbitrarily demanding (see exhibit 134—R. 143):

> "We now demand that you discontinue immediately the display and sale of rubber heels bearing circular marks in red, pink, orange, yellow or any other colors in which you have been or are using such marks."

On June 29, 1934, respondent notified the Essex Rubber Company to discontinue all shipments to its stores of the Crusader heel until "your Mishawaka trouble is straightened out" (R. 88). Thereafter, the molds were changed and beginning September 15, 1934, the Crusader heel was purchased from the Essex Rubber Company with the Crusader's head in hollow relief indented upon a diamond shaped mark in natural rubber color as evidenced by petitioner's exhibit 33. (See illustration following page 10 of Petitioner's Brief.)

In December of 1931 Essex Rubber Company first began using red as a color for its Crusader mark contrasting with the black rubber of its heels manufactured for replacement purposes (R. 89). Respondent, however, did not begin to purchase these heels from Essex Rubber Company until January 30, 1933 (R. 89).

The Surefoot heels were first manufactured as early as 1920 by the O'Sullivan Rubber Company, Inc. of New York City and Gettysburg, Pa. (R. 90). They were first purchased on or about July 1, 1934, by respondent, S. S. Kresge Company (R. 91). Petitioner claimed by letter dated August 11, 1934, that these heels were an infringement of its rights (R. 150). Correspondence with plaintiff's attorney continued to September 12, 1934, relative thereto (R. 151). In November of 1934, respondent ordered discontinuance of the Surefoot heels with the Indian head in the color red (R. 87). Thereafter the color was changed to green and purchases have continued (R. 91) in that color.

The Evergrip heel illustrated by Exhibit 48 has been manufactured by the Boston Woven Hose & Rubber Company since 1923 (R. 87). It was first purchased by respondent early in 1934, having as an identifying symbol in addition to the name "Evergrip" an American eagle in

a circular disk in the color white, but after approximately two months the color was changed to a beige or tan color as exhibited by petitioner's exhibit 48 following page 10 of its brief. The Court found no infringement as to this heel (R. 129) and we therefore omit further reference to it.

An analysis of the heels on display in the sixty-eight Kresge stores covered by petitioner's affidavits was made in July of 1935, just prior to the preliminary hearing on August 10, 1935 (R. 113). It disclosed that the Crusader heel with its ornamentation as heretofore described in the color red made up but 1.54% of the heels on display or a total of 173 heels out of 11,204; that the Surefoot heel with its ornamentation as heretofore described in the color red constituted but 8.52% of the heels on display of a total of 955 heels (R. 92).

When placed upon the sales counters of the respondent, S. S. Kresge Company, these various assorted heels ornamented, marked and named as above described, were segregated and so arranged as to provide a colorful and attractive display of merchandise (R. 93). They were never indiscriminately mixed together as petitioner contends, for the trial Court found (R. 129):

> "That the replacement heels offered for sale by the defendant, S. S. Kresge Company, when placed by them upon their counters, were never indiscriminately displayed together but were customarily and usually arranged in such a manner as to display a variety of the colored inserts to the prospective purchaser and without emphasizing any colored insert over any other colored insert, and in each instance segregating and massing particular colors together in order to provide an attractive display of the articles, but there is proof that subsequently some of these heels became indiscriminately mixed."

It is evident that not later than November, 1934 and long prior to the preliminary hearing in August of 1935, respondent had voluntarily discontinued the purchase for sale at retail of replacement heels with an ornamented trade-mark in either red or orange but declined to discontinue other contrasting colors as arbitrarily demanded by petitioner in June of 1934 (Exhibit 134—R. 192-3). Following this hearing respondent removed from its counters the very few heels with an ornamented trade-mark in which red appeared in any form. Since August 19, 1935 respondent has not offered such a heel for sale anywhere.

There is no proof in the record of a single purchaser being confused or misled because of the technical infringement found by the trial Court due to the use of the color red.

The points of dissimilarity between petitioner's trademark ensemble and the ornamental dress on the replacement heels sold at retail by respondent, but made and shipped to its stores by independent and wholly disconnected manufacturers may be graphically summarized by chart as follows:

COMPARATIVE SUMMARY CHART

	Petitioner MISHAWAKA CO		Respondent S. S. KRESGE CO.	
		1	2	3
		"Crusader" mfg. by Essex Rubber Co.	"Surefoot" mfg. by O'Sullivan Rubber Co.	"Evergrip" mfg. by Boston Woven Hose & Rubber Co.
GOODS:	Completed Footwear *only*	Replacement rubber heels only	Replacement rubber heels only	Replacement rubber heels only
TRADE-MARK	"Mishko" "Ball Band" in raised lettering, also "Mishawaka, Indiana" at bottom	"Crusader" in prominent raised lettering, also "S. S. Kresge Co." at the bottom	"Surefoot" in prominent raised lettering, also "Gettysburg, Pa." at bottom of all heels except very large men's heels known as Exhibits 37 and 54	"Evergrip" in prominent raised lettering
ORNAMENTATION: (1) Configuration	Disk or plug inserted in heel with words "Trade Mark" on top surface	Engraved bas relief or crusader head and helmet at first on circular background in depressed portion of heel but now on diamond background in depressed portion of heel	Engraved bas relief of Indian head in full feather headdress on circular background in depressed portion of heel	Engraved bas relief of spread American eagle on circular background in depressed portion of heel
(2) Colors used	Red only	At first red, then orange and now a crepe rubber color	At first red but now green	White and beige
(3) Shapes	Circular	At first circular but now diamond shape	Circular	Circular.
(4) Placement	Top surface above plane of heel surface; no depressed rim	Top surface below plane of heel surface; depressed rim	Top surface below plane of heel surface; depressed rim	Top surface below plane of heel surface; depressed rim

DISTRICT COURT'S FINDINGS OF FACTS AND AMENDMENTS THERETO

On page 15 of its brief petitioner discusses its version of the District Court's findings of fact.

In the interest of clarity we desire to point out that the District Court's original findings of fact and conclusions of law were filed December 6, 1938 (R. 120). Thereafter motions to amend were filed by both parties, a subsequent hearing was held, and extensive briefs filed by both parties (R. 124). On October 5, 1939, the District Court filed its amended findings of fact (R. 124). Subsequently petitioner filed a motion for an amendment of the amended findings of fact. A hearing was had on November 20, 1939 (R. 126), and thereafter on November 27, 1939, the District Court filed its additional amended findings of fact and conclusions of law (R. 126).

Immediately thereafter the Court ordered counsel for both parties to submit decrees and one month later, to-wit, December 29, 1939 (R. 131), it filed and entered its decree (R. 131).

The original findings, paragraph 9 (R. 122) quoted by petitioner on page 15 was very materially curtailed by paragraph h (R. 129) which reads as follows:

> "(h) There is, however, in the record no direct proof of any ordinary purchaser being misled into believing that heels marketed by the defendant were products of the plaintiff company."

Paragraph 12 (R. 122) quoted by petitioner on page 15 was materially altered by the District Court by paragraph V (R. 124) of the amended findings of fact and by paragraphs 2a, b and e (R. 128) of the additional amended findings of fact which reads as follows:

V.

"The remaining requests for amendments filed by the defendant become immaterial if the plaintiff's claim is limited to red or reddish colors, and are therefore disallowed.

2(a) There is no direct testimony that the defendant, S. S. Kresge Company, its agents and employees, did and there is testimony that they did not attempt to palm off in any instance its heels as the heels manufactured by the plaintiff company.

(b) I find that there is no proof that any purchases of heels from the defendant, S. S. Kresge Company, was motivated by a belief on the part of the purchaser that he was getting plaintiff's product but there is reasonable likelihood that some may have.

(e) That nearly all of the rubber heels which were on display in the S. S. Kresge Company stores covered by plaintiff's affidavits have borne in addition to the colored marks identifying trade marks, symbols or other indicia which further indicates that the heels being offered for sale by the S. S. Kresge Company were not the heels manufactured by the plaintiff."

Paragraph 10 (R. 122) quoted by petitioner on page 16 of its brief was materially altered by paragraph 2d of the additional amended findings of fact (R. 129) which reads as follows:

"(d) That the replacement heels offered for sale by the defendant, S. S. Kresge Company, when placed by them upon their counters were never indiscriminately displayed together but were customarily and usually arranged in such a manner as to display a variety of the colored inserts to the prospective purchaser and without emphasizing any colored insert over any other colored insert, and

> in each instance segregating and massing particular colors together in order to provide an attractive display of the articles but there is proof that subsequently some of these heels became indiscriminately mixed."

We think it may be fairly concluded that the only unfair competition of which respondent may be accused is its technical infringement by the use of the color red. There is no proof of any palming off nor is there proof of any confusion in fact.

The law of trade-marks is but a part of the law of unfair competition. *Cf. American Foundries v. Robertson,* 269 U. S. 372, 381.

Any technical trade-mark infringement constitutes in a sense unfair competition. To that extent, and not otherwise, the District Court found respondent had unfairly competed. There is no other proof in the record upon which such a finding could be premised.

Furthermore, we call to the Court's attention the District Court's amended finding of fact 2(j) (R. 129) which reads as follows:

> "(j) That the round red ball registered by plaintiff as its trade mark simulates the Japanese flag and is identical to the round red ball or 'rising sun' portion thereof."

Since petitioner's trade-mark simulates a foreign flag, it is doubtful whether it was ever entitled to registration under the Trade-Mark Act of 1905 (See Section 5) and the validity of its registration is therefore dubious.

SUMMARY OF ARGUMENT

I.

Since none of respondent's sales of replacement heels were attributable to the technical infringement here found due to the use of the color red, there were, therefore, no profits held by it as a trustee *ex maleficio* and none to be accounted for. Before there can be an accounting under Section 19 of the Trade-Mark Act petitioner has the burden, in the first instance, of proving that respondent has enjoyed profits attributable to the infringement. Both of the lower Courts found that none of respondent's sales were attributable to petitioner's circular red plug, hence petitioner is entitled to no more of an accounting than it received.

The degree of judicial interference necessarily depends upon the facts proved and found in each case. Here there being no sales attributable to the infringement, there should have been no accounting at all and the decree assures to each litigant that which equitably belongs to it and prevents an unjust enrichment of either at the expense of the other.

II.

An accounting for damages is awarded only to compensate for a pecuniary injury suffered from the infringement. Since the Court found that petitioner had lost no sales and since there is no proof that its business has been decreased or adversely affected, the Court was justified under the circumstances in refusing an accounting for damages.

III.

Sections 16 and 19 of the Trade-Mark Act of 1905 are not here applicable, there being no allegation in petitioner's pleadings nor finding of fact by either Court that

the retail sales by the S. S. Kresge Company of replacement heels manufactured and shipped to its stores by another, either were in interstate commerce, or interfered therewith. Therefore, the question of an accounting for profits or damages, or both, depends upon the local substantive law.

FIRST QUESTION

"WHERE ACCOUNTING OF PROFITS IS ORDERED FOR INFRINGEMENT OF A TRADE-MARK REGISTERED UNDER THE ACT OF 1905, ARE PROFITS RESTRICTABLE TO SALES TO PURCHASERS WHO WERE INDUCED TO BUY BECAUSE THEY BELIEVED THE GOODS TO BE THOSE OF THE TRADE-MARK OWNER AND WHICH SALES THE TRADE-MARK OWNER OTHERWISE WOULD HAVE MADE?"

I.

SINCE NONE OF RESPONDENT'S SALES OF REPLACEMENT HEELS WERE ATTRIBUTABLE TO THE TECHNICAL INFINGEMENT HERE FOUND, THERE WERE NO PROFITS TO BE ACCOUNTED FOR BY IT

> "Of course the result to be accomplished (in any accounting) is a rational separation of the net profits so that neither party may have what rightfully belongs to the other, and it is important that the accounting be so conducted as to secure this result, if it be reasonably possible," *Dowagiac Mfg. Co. v. Minnesota Plow Co.*, 235 U. S. 641, 647.

We think it may fairly be concluded from the evidence in this case, all of which was taken in affidavit form and none by testimony in open court (R. 116) that none of respondent's sales of replacement heels were attributable to its technical infringement because of the color red. Both the trial and appellate court so found.

The Circuit Court of Appeals found:

> (R. 154). Appellant's (petitioner's) shoe heels have been sold throughout the United States always as a part of its shoes, never separately.
>
> (R. 154). Appellee (S. S. Kresge Company) operates and maintains a large number of retail stores throughout the United States where it sells detached rubber heels and lifts manufactured for it by Essex Rubber Company, O'Sullivan Rubber Company, and the Boston Woven Hose & Rubber Company.
>
> (R. 158). There is no finding of fact in the case at bar, and we find no evidence in the record to support the inference that appellee (S. S. Kresge Company) adopted the symbol used on its heels for the fraudulent purpose of attracting to itself business or sales which belonged to appellant (petitioner), and there is no evidence that any such sales occurred.
>
> (R. 158-9). No justification is found in the record for an inference that anyone appears to have been deceived by appellee's (S. S. Kresge Company's) trade-mark into purchasing its shoe heels and lifts in the belief that he was purchasing shoe heels produced by appellant (petitioner).
>
> (R. 160). The words or phrases appearing on the respective marks here involved are so essentially dissimiliar as to lend no color to deceit.
>
> (R. 162). From the circumstances of this case there appears no reasonable probability that there was confusion or deception without evidence of the fact.
>
> (R. 162). The case of appellant is not very strong on the facts, yet it seems to be entitled to the carefully limited injunction and accounting for profits which was granted.

It is apparent from the foregoing that none of respondent's sales are attributable to its technical infringement here found because of the use of the color red.

The trial Court in its amended findings of fact reached the same conclusion. The following findings of fact were allowed by it:

(a) (R. 128). There is no direct testimony that the defendant, S. S. Kresge Company, its agents and employees, did and there is testimony that they did not attempt to palm off in any instance its heels as the heels manufactured by the plaintiff company.

(b) (R. 128). I find that there is no proof that any purchases of heels from the defendant, S. S. Kresge Company, was motivated by a belief on the part of the purchaser that he was getting plaintiff's product but there is reasonable likelihood that some may have.

(h) (R. 129). There is, however, in the record no direct proof of any ordinary purchaser being misled into believing that heels marketed by the defendant were products of the plaintiff company.

(c) (R. 128). There is no direct proof that the plaintiff, Mishawaka Rubber Company, has lost sales as the result of purchases made from the defendant, S. S. Kresge Company, of either the Crusader heel or the Sure-Foot heel with the trademark in the color red.

(d) (R. 129). That the replacement heels offered for sale by the defendant, S. S. Kresge Company, when placed by them upon their counters were never indiscriminately displayed together but were customarily and usually arranged in such a manner as to display a variety of the colored inserts to the prospective purchaser and without emphasizing any colored insert over any other colored insert, and in each instance segregating and massing particular colors together in order to provide an attractive display of the articles but there is proof that subsequently some of these heels became indiscriminately mixed.

(e) (R. 129). That nearly all of the rubber heels which were on display in the S. S. Kresge Company stores covered by plaintiff's affidavits have borne in addition to the colored marks identifying trade marks, symbols or other indicia which further indicates that the heels being offered for sale by the S. S. Kresge Company were not the heels manufactured by the plaintiff.

(g) (R. 129). That none of the heels supplied by the Boston Woven Hose & Rubber Company with a circular trade mark centrally located thereon used a red or reddish color and therefore did not infringe upon plaintiff's trade mark.

Equity is concerned with making a fair apportionment so that neither party will have what justly belongs to the other, *Cf. Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390, 408, 60 S. Ct. 681; 688.

If respondent, S. S. Kresge Company derived no advantage from the technical trade-mark infringement here found, and obviously it did not because none of its sales are attributable thereto by either Court, "then there can be no decree for profits," see *Tilghman v. Proctor*, 125 U. S. 136, 146, 8 S. Ct. 894, 899; also *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390, 400, 60 S. Ct. 681, 684.

Petitioner should not be heard to complain because they here received a decree for an accounting greater than the evidence warranted, *Cf. Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390, 408, 60 S. Ct. 681, 688.

It is, we believe, apparent from the facts here found by both Courts that petitioner is not entitled to any accounting for profits at all unless under Section 19 of the Trade-Mark Act it is given something it otherwise would not have received according to the course and principles of equity. As we have hereinafter attempted to show, we deny that Section 19 has any such effect or that it is applicable.

II.

THE DECREE IS NOT IN CONFLICT WITH THE TRADE-MARK ACT. SECTION 19 OF THE ACT IS PROCEDURAL, DOES NOT CREATE SUBSTANTIVE RIGHTS NOR REQUIRE IN EVERY CASE AN ACCOUNTING OF PROFITS. THE LOWER COURTS RECOGNIZED THESE PRINCIPLES AND THE DEGREE OF THEIR JUDICIAL INTERFERENCE NECESSARILY DEPENDED UPON THE FACTS PROVED AND FOUND IN THE CASE

Our position is that the Trade-Mark Act of 1905 did not create in registrants thereunder substantive rights, but procedural advantages only.

Neither did the Trade-Mark Act intend to deprive the Courts of their judicial function in awarding or withholding injunctive relief or in determining the extent thereof; nor in awarding or withholding an accounting for profits or for damages or both, or in determining the extent thereof according to the course and principles of equity. The Act, we submit, leaves it the function of the Court to determine if there have been sales attributable to the infringement and to determine also by its decree the profits from which sales there shall be an accounting.

Petitioner would interpret the Trade-Mark Act of 1905 in such a way as to confer jurisdiction upon the federal courts but at the same time to deprive the Court of its judicial function in determining when and by what norm and on what sales an accounting of profits should be awarded.

Section 19 of the Trade-Mark Act was not intended to create in the registrant substantive property rights but such rights rest upon the laws of the several states, *American Trading Company v. Heacock Company*, 285 U. S. 247, 258. Registration of a trade-mark under the

Act of Congress does not and can not have the effect of enlarging the rights of petitioner beyond what they would have been under common law principles, *United Drug Company v. Rectanus*, 248 U. S. 90, 99.

In *American Foundries v. Robertson*, 269 U. S. 372, at 381, the Court in discussing the Trade-Mark Act of 1905, said;

> "The general doctrine is that equity not only will enjoin the appropriation and use of a trademark or trade name where it is completely identical with the name of the corporation, but will enjoin such appropriation and use where the resemblance is so close as to be likely to produce confusion as to such identity, to the injury of the corporation to which the name belongs. *Cape May Yacht Club v. Cape May Yacht & Country Club*, 81 N. J. Eq. 454, 458; *Armington & Sims v. Palmer*, 21 R. I. 109, 115. *Judicial interference will depend upon the facts proved and found in each case.* (Italics ours.) *Hendriks v. Montagu*, L. R. 17 Ch. Div. 638, 648; *Higgins Co. v. Higgins Soap Co.*, 144 N. Y. 462, 469-471.
>
> These principles, it must be assumed, were in mind when Congress came to enact the registration statute. And, since that body has been given no power to legislate upon the substantive law of trade marks, it reasonably may be assumed, also, that, to the extent the contrary does not appear from the statute, the intention was to allow the registration of such marks as that law, and the general law of unfair competition of which it is a part, recognized as legitimate."

If as stated in the above quotation "judicial interference will depend upon the facts proved and found in each case" then the language of Section 19 of the Trade-Mark Act—"in addition to the profits to be accounted for"—does not require the federal courts at all times and at all events to

award profits, but leaves to the courts their judicial function to determine what sales are attributable to the infringement and hence what profits are to be accounted for in the accounting. After the court has delineated the class of sales for which an accounting of profits should be made, it is then incumbent upon registrant under Section 19 "to prove defendant's sales only; defendant must prove all elements of cost which are claimed."

But what sales must petitioner prove under Section 19? The statute is silent. It is therefore the Court's judicial function to delineate them in its decree based upon the proofs and the equities of the parties. The common denominator which seems to be present in all the cases is to require an accounting for "those sales attributable to the infringement."

The record abundantly justifies the conclusion that no part of respondent's profits either in whole or in part, on any of the replacement heels involved in this suit, are attributable to the very technical infringement here found resulting from the use of the color red. Petitioner not only has failed to prove the existence of any profits accruing to the S. S. Kresge Company attributable to its trademark, but the record shows and the trial court has found that petitioner has lost no sales and respondent has made no sales because of the markings here called in question (R. 128-130).

This Court rather recently in *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390, drew an analogy in its interpretation and application of the patent statute and applied the same to the copyright law. Because of the similarity in the language of these acts and the Trade-Mark Act, it would seem appropriate to extend the analogy to trademark cases. The copyright law (17 U. S. C. A. Sec. 25b) provides among other things:

> "And in proving profits the plaintiff shall be required to prove sales only and the defendant shall be required to prove every element of cost * * *."

Section 19 of the Trade-Mark Act (15 U. S. C. A. 99) uses practically the same identical language. It is said in the Sheldon case that the object is "to prevent an unjust enrichment by allowing injured complainants that which is theirs and nothing beyond this." As we have indicated above, respondent received no profits attributable to its technical infringement. It, therefore, has not been unjustly enriched and if the wholesome principles of equity recognized in the Sheldon case are by analogy applied in this case of technical trade-mark infringement, then the decree here under review assures to petitioner "that which is theirs, and nothing beyond this," *Cf. Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390, 399, 60 S. Ct. 681, 684, also at p. 685 where it is said:

> "Both the copyright act and our decisions leave the matter to the appropriate exercise of the equity jurisdiction upon an accounting to determine the profits 'which the infringer shall have made from such infringement.'"

Here, as indicated, there were no profits "from such infringement."

III.

UNDER SECTION 19 OF THE TRADE-MARK ACT PETITIONER HAS THE BURDEN OF SHOWING THAT RESPONDENT HAS ENJOYED PROFITS ATTRIBUTABLE TO ITS TECHNICAL INFRINGEMENT, OTHERWISE THERE CAN BE NO ACCOUNTING

Section 19 of the Trade-Mark Act of 1905 (15 U. S. C. A. 99) provides in part as follows:

> "* * * and upon a decree being rendered in any such case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the Court shall assess the same or cause the same to be assessed under its direction. * * *"

These identical words may be found in the similar statute respecting patents (Act of July 8, 1870, Section 55, 16 Stat. 198, 206 R. S. Sec. 4921, 35 U. S. C. A. 70).

It has been recognized that the Congress intended to produce a parallelism in these two statutes. See *American Foundries v. Robertson*, 262 U. S. 209, 215.

This being the case, it would seem appropriate to draw an analogy from this Court's interpretation of the patent statute and ask that the same construction be applied to the situation here at hand with respect to trade-marks.

In *Westinghouse Co. v. Wagner Manufacturing Co.*, 225 U. S. 604, the Court was concerned with the question of the burden of proof. It said in construing Section 4921 (R. 5):

> "(R. 614). The question as to who has the burden of proof, in cases like this, is one of great prac-

tical importance and constantly arises in patent cases.

(R. 615). In such case, if plaintiff's patent only created a part of the profits, he is only entitled to recover that part of the net gains. He must, therefore, give evidence tending to separate or apportion the defendant's profits and the patentee's damages between the patented feature and the unpatented features, and such evidence must be reliable and tangible, and not conjectural or speculative.

(R. 616). The rule is sound, for it but announces the general proposition that the plaintiff must prove its case and carry the burden imposed by law upon every person seeking to recover money or property from another. * * * The plaintiff proved its patent and that it had been infringed by the defendant * * * *but no matter how great its presumptive or actual value, it did not follow that the defendant had made a profit by the sale of the infringing transformers.* (Italics ours.)

(R. 617). The burden of apportionment was then logically on the plaintiff, since it was only entitled to recover such part of the co-mingled profits as was attributable to the use of its invention.

(R. 621). All the inconvenience of the confusion is therefore upon the party who produces it, and it is for him to distinguish his own property or lose it. It may be argued that, in its last analysis, this is but another way of saying that the burden of proof is on the defendant. And no doubt such, in the end will be the practical result in many cases, but such burden is not imposed by law; *nor is it so shifted until after the plaintiff has proved the existence of profits attributable to his inventions and demonstrated that they are impossible of accurate or approximate apportionment.* If then the burden of separation is cast on the defendant, it is one which justly should be borne by him, as he wrought the confusion."

It does not follow from the finding of a technical infringement that respondent received profits attributable thereto.

It is apparent, we believe, from the foregoing that in the first instance the burden rests upon petitioner to prove the existence of profits accruing to respondent from sales attributable to petitioner's trade-mark. After such proof by petitioner "the burden of apportionment was then logically on" it "since it was only entitled to recover such part of the co-mingled profits as was attributable to the use of its invention."

Either petitioner must prove the apportionment or introduce evidence to show that an apportionment is "impossible," *Dowagiac Mfg. Co. v. Minn. Plow Co.*, 235 U. S. 641 at 646; *Westinghouse Mfg. Co. v. Wagner Mfg. Co.*, 225 U. S. 604, at 642.

These interpretations of the statute in question were recognized recently in *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390, 60 S. Ct. 681, and applied to the copyright law, see p. 685.

The identical language of the Trade-Mark Act would seem to be entitled to the same interpretation placing the burden upon the registrant in the first instance of proving the existence of profits attributable to its infringed mark.

The Court of Appeals in our case recognized that the burden of proof in the first instance was upon petitioner to prove that respondent obtained profits attributable to its technical infringement (R. 161) but it found (R. 162):

> "From the circumstances of this case, there appears no reasonable probability that there was confusion or deception without evidence of the fact. Therefore, the burden was upon appellant to prove that appellee had made profits attributable in

> whole or in part to the use of appellant's trade-mark, even though they used identical or similar colors."

It also found (R. 158):

> "There is no finding of fact in the case at bar and we find no evidence in the record to support the inference that appellee adopted the symbol used on its heels for the fraudulent purpose of attracting to itself business or sales which belonged to appellant and there is no evidence that any such sales occurred. * * * No justification is found in the record for an inference that anyone appears to have been deceived by appellee's trade-mark into purchasing its shoe heels and lifts in the belief that he was purchasing shoe heels produced by appellant."

It is also evident from the findings made by the District Court that respondent received no profits attributable to petitioner's trade-mark (R. 128-9).

We submit that Section 19 of the Trade-Mark Act has been properly followed by the Court of Appeals in recognition of and in obedience to the decisions of this Court interpreting its scope and function.

Respondent's proofs affirmatively indicate that none of its sales of replacement heels were attributable to a palming off of its heels as the heels of petitioner.

Each of the sales girls selling rubber heels or heel lifts in each of the sixty-eight stores covered by petitioner's affidavits swore "that she has never sold nor endeavored to sell to a customer either the Crusader, the Surefoot or the Evergrip heel as the heel of, or manufactured by, Mishawaka Rubber & Woolen Manufacturing Company" (R. 104-112). Each of the store managers in the various stores

covered by petitioner's affidavits testified "that on all of the rubber heels which are on display in the said store and which have been offered for sale in the said store there have always been borne, in addition to the colored marks, above referred to, identifying trade-marks, symbols or other indicia and which further indicated clearly that the goods being offered for sale by the S. S. Kresge Company at the store are not the goods manufactured by the Mishawaka Rubber & Woolen Company" (R. 93-4).

In view of the findings of fact of each of the lower Court's and of the foregoing proofs, we submit that not only has petitioner failed to prove in the first instance the existence of profits attributable to its circular red plug but that respondent's proofs affirmatively show that it did not obtain, because of its technical infringement, any such profits.

If there were no such profits, then it is difficult to see any justification for a decree for any accounting at all, *Cf. Tilghman v. Proctor,* 125 U. S. 136, 146; *Sheldon v. Metro-Goldwyn Pictures Corp.,* 309 U. S. 390, 400; *Dowagiac Mfg. Co. v. Minn. Plow Co.,* 235 U. S. 641.

The record abundantly justifies a conclusion that no part of the Kresge profits, either in whole or in part, on any of the replacement heels involved in this law suit are due to any similarity of the marks here involved.

If Section 19 of the Trade-Mark Act of 1905, 15 U. S. C. A., Sec. 99, is interpreted similarly, by analogy, to the Patent and Copyright Acts, then we submit it is not intended to penalize the infringer, nor does it give to the registrant the profits not attributable to his mark. It is obvious that the S. S. Kresge Company derived no advantage and obtained no profit, either in part or in full, from having sold heels wholly dissimilar in their ornamental dress and other markings to those of petitioner, except

for the color red. Petitioner has not only failed to prove the existence of any profits to the S. S. Kresge Company attributable to its trade-mark, but the record abundantly shows and the Trial Court has found that petitioner has lost no sales and respondent has made no sales because of the markings here called in question (R. 128-130). There is no *prima facie* showing of any profits resulting to respondent from its very technical infringement. The proofs and findings affirmatively show the contrary.

Furthermore, petitioner has no good will in the replacement heel field. In the 68 Kresge stores covered by petitioner's affidavits in this case, there has never been a remembered call for its "Mishko" heels. There have been but nine known calls for "Ball Band" heels and these only in two stores over a period of from three to six years (R. 105-6-7). In 65 stores there has never been a known call for "Red Ball" heels. In only two stores there were five calls for such heels (R. 103-112). In addition to this affirmative proof of petitioner's complete absence of any goodwill in the replacement heel field, we have the findings of fact of each Court indicating that no confusion or deception occurred. The evidence likewise indicates that replacement heels with surface ornamentations in colors other than red sell equally as well, if not better, than those in red (R. 87).

It is reasonable to conclude, therefore, that those of the purchasing public who buy replacement heels either knew that petitioner does not manufacture and market a replacement heel or they had never heard of petitioner's heels, or they preferred others. In any event no one was misled and petitioner has failed to prove, in the first instance, any sales attributable to the technical infringement here found. Respondent holds no profits therefore, as a trustee *ex maleficio* for petitioner's benefit.

IV.

THE DECREE ASSURES TO EACH LITIGANT THAT WHICH EQUITABLY BELONGS TO IT AND PREVENTS AN UNJUST ENRICHMENT OF EITHER AT THE EXPENSE OF THE OTHER

The decree under discussion provides (R. 131):

> "It Is Further Ordered, Adjudged and Decreed that the defendant account to the plaintiff for profits unlawfully derived from those sales made by the defendant after May 19th, 1933, of rubber heels bearing a red or reddish circular mark indented upon the face portion thereof to purchasers who were induced to buy because they believed the heels to be those of plaintiff and which sales plaintiff would otherwise have made."

As we analyze the cases that come nearest to our set of facts, we believe that this decretal provision adequately and fairly sets forth the accounting relief, if any, to which plaintiff is entitled. This would give plaintiff the profits, if any, which defendant had "unlawfully derived from the violation of the plaintiff's rights" (See R. 123). It would give petitioner "that which is theirs, and nothing beyond this." *Cf: Sheldon v. Metro-Goldwyn Pictures Corporation*, 60 S. Ct. at p. 684.

It must be remembered that the respondent is selling heels and heel lifts only in the replacement heel field and therefore its sales are made only to those who have outworn the original set of heels and who themselves propose either to apply a new set of heels or take the replacement heels to someone for that purpose.

On the other hand, the petitioner does not manufacture rubber heels or heel lifts for replacement purposes. It does not wholesale its heels to anyone for the purpose of replac-

ing worn heels or even new heels. It does not use its heels in the American market for any purpose except to be attached to the finished footwear which it wholesales. Respondent's field of commerce is far removed from petitioner's field of commerce, both as to time, as to potential purchasers and as to the stores where sold.

That portion of the decree which requires an accounting for those sales "to purchasers who were induced to buy because they believed the heels to be those of plaintiff" requires respondent to account for those of its sales which are attributable to its technical infringement caused by the presence of the color red. It prevents respondent from retaining those profits which rightfully belong to petitioner from sales induced by its circular red plug. Except for this similarity in color the heels are so dissimilar otherwise in appearance, name, marking and ornamental dress that no confusion could (and none did) result. The Appellate Court so found (R. 161).

In view of *Dowagiac Mfg. Co. v. Minn. Plow Co.*, 235 U. S. 641, *Westinghouse Co. v. Wagner Mfg. Co.*, 225 U. S. 604, *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390, it would seem to be the correct delineation of those sales which should be accounted for "so that neither party may have what rightfully belongs to the other."

An accounting does not necessarily follow as a matter of course from a technical infringement, *Gordon's Dry Gin Co. v. Eddy*, 246 Fed. 954-956, *Saxlehner v. Siegle Cooper Co.*, 179 U. S. 42, *Straus v. Notaseme Co.*, 240 U. S. 179.

In this regard Michigan law which we claim governs as to substantive law, recognizes and relies upon *Straus v. Notaseme Company, supra;* see *Liberty Oil Corporation v. Crowley Milner Company*, 270 Mich. 187, 193.

There is such a striking parallel between the Michigan law and the Federal law, as the Circuit Court recognized (R. 157), that we quote at length from Mr. Justice Holmes' opinion therein (p. 182):

> "We assume that, coupled with the script upon the band, there is sufficient pictorial similarity to deceive some persons, but, unless we go considerably farther, to charge the defendants with all the profits would be unjust.
>
> "The question remains whether the petitioners' sales probably were induced to any large extent by confusion in the mind of the public between the petitioners' goods and the plaintiff's. The goods were different in character, were called by a different name, were sold mainly in different places and by parties not likely to be mistaken for each other. The petitioners had advertised them as Irontex since April, 1908. Their business was that of retailers in the city of New York, where they were widely known. The Notaseme Company's business was wholesale, from Philadelphia, starting with New England and the South. *So far as purchasers bought* because the petitioners recommended the goods, or on the strength of the name, by whatever recommended, as distinguished from the colors and figures of the label, or from knowledge of the specific article, or from preference for full fashioned over seamless hose, or *for any reason but the inducement of the red square, bar, and script supposed to indicate the plaintiff's hose, the plaintiff has no claim on the petitioner's profits.* (Italics ours.)
>
> "There is some indication that the plaintiff's business was mainly in hosiery for men, while Macy & Company's was more than three-quarters for women and children. That the name, which the defendants do not imitate, but, on the contrary, exclude by using another wholly unlike it, was thought more important by the plaintiff than it

> now is willing to admit, is shown not only by the use of it upon the trade-mark proper, but by the adoption of a new name for the plaintiff company to conform to it. Taking all these considerations into account coupled with the absence of evidence that any deceit or substitution was accomplished in fact, we find it impossible to believe that any considerable part of the petitioner's business was due to their goods being supposed to be the plaintiff's hose. The petitioners properly were enjoined from further use of the mark in controversy, but, so far as the decree charged them with profits, it is reversed."

All of the matters discussed by Mr. Justice Holmes in the quoted provisions above are equally applicable and may be repeated with respect to the difference between the replacement heels sold by the respondent, S. S. Kresge Company, only at retail and the heels of petitioner manufactured for use only in connection with its finished footwear and never sold at wholesale or at retail for replacement purposes. To borrow Justice Holmes' language, respondent's and petitioner's heels "were different in character, were called by a different name, were sold mainly in different places and by parties not likely to be mistaken for each other." The Court of Appeals so found (R. 158, 161).

The object is to prevent an unjust enrichment of the infringer but not to penalize him. On the other hand petitioner is not entitled to any windfalls. *Cf. Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390.

Insofar as purchasers of replacement heels bought for any reason (price, store location, convenience, necessity, etc.) but the inducement of petitioner's circular red plug—the profits thereon must equitably, in view of the foregoing, belong to respondent.

That portion of the decree which reads "and which sales plaintiff would otherwise have made" must, of course, be read conjunctively in connection with the previous phrase and with respect to its context in the entire sentence. If "purchasers were induced to buy because they believed the heels to be those of plaintiff" then *prima facie* those would be the sales which "plaintiff would otherwise have made" and for which it would be entitled to recover on the accounting.

However, as we have argued *ante* under heading I on page 12 of this brief, we maintain that none of respondent's sales of replacement heels were attributable to its technical infringement here found and that therefore none of its profits either in whole or in part may be attributed to its use of the color red. As we read the decree it prevents petitioner from obtaining a windfall which both the lower Courts felt upon the equities it was not entitled to receive and yet it assures that each party will receive "that which is theirs and nothing beyond this."

Petitioner on page 23 of its brief relies upon *Aladdin Mfg. Co. v. Mantle Lamp Co.*, 116 F. 2d 708, but on p. 714 of the opinion in that case we find the following:

> "Profits are awarded appellant upon the ground that appellee, by its acts, has gained something which in fact belongs to appellant and *which would have otherwise been earned by appellant.*"

Here petitioner never has engaged in the replacement heel business in the American market. It has consistently refused to do so. By its actions it has left the field open to others. The decree gives it what "would have otherwise been earned by" it.

The phrase under discussion finds further justification, if any is needed in addition to the equities of the parties

here involved, in *Vogue Co. v. Thompson-Hudson Co.*, 300 Fed. 509 (6 C. C. A. 1924) and *Rushmore v. Badger Brass Mfg. Co.*, 198 Fed. 379.

In *Vogue Company v. Thompson-Hudson Company, supra,* plaintiff had been the publisher of the magazine "Vogue" since 1892. The defendant sold hats representing to the public through its saleswomen that its hats in some manner were vouched for or sponsored or approved by the plaintiff. In spite of this deliberate plagiarism the Court said:

> "However, we find no satisfactory basis for an accounting against either the manufacturer or retailer for profits or damages. The case is peculiarly one where such damage as has occurred, like that which is still in prospect, is incapable of computation. We see no reasonable probability that any substantial damages could be proved and reduced to dollars and cents with that degree of accuracy that is essential in such a case. Nor does this conclusion—that there should be no accounting—make it necessary to decide whether plaintiff is entitled to relief strictly as for trade-mark infringement. *Those cases in which plaintiff in such a suit has been awarded all the profits which defendant received from the sale of the articles wrongfully trade-marked, have been cases in which, by the theory of the law, the plaintiff had lost the sales.*"

In the foregoing case the Court adopted the quoted rule on accounting but said it was unnecessary to decide whether there was trade-mark infringement, saying on page 511:

> "Whether we consider the case as one of technical trade-mark or so-called unfair competition, and if we consider plaintiff's rights as confined to the use of this 'V-Girl' and the capital letter 'V' in

> its dominating relation to the remainder of the word, the defendant's appropriation of plaintiff's dress is not to be disputed."

In *Rushmore v. Badger Brass Mfg. Co., supra,* the defendant unnecessarily and knowingly imitated his rival's automobile lamp in non-functional features which the Court of Equity enjoined, stating, however, that the conclusion reached "carried the doctrine of unfair competition to its utmost limit." We quote:

> .. "It seems to us unfair that the complainant should recover profits on the sale of lamps by the defendant to persons who never heard of Rushmore, and were well aware that the lamps they bought were made by the defendant, and who bought them because they were so made. *A decree for profits and damages does not necessarily follow a decree for an injunction. • • • We think the accounting should be limited to sales where it is shown by direct or presumptive evidence that the complainant would have sold the lamps but for the sale by the defendant."* • • •

This is especially apposite here because petitioner does not market a replacement heel or heel lift and it has no good will in that field. Under the circumstances here the Circuit Court found "there appears no reasonable probability that there was confusion or deception without evidence of the fact" (R. 162).

We paraphrase from the above case:

> "The accounting should be limited to sales where it is shown by direct or presumptive evidence that the petitioner would have sold the heels but for the sales by the respondent, S. S. Kresge Company."

V.

THE CASES RELIED UPON BY PETITIONER RECOGNIZE THAT THERE MUST BE A SHOWING OF PROFITS ATTRIBUTABLE TO THE INFRINGEMENT BEFORE THERE CAN BE AN ACCOUNTING

Petitioner relies upon and strongly stresses *Hamilton-Brown Shoe Company v. Wolf Bros. & Co.*, 240 U. S. 251. In that case the accounting was "limited to shoes sold by the defendant since the filing of the bill in this case, and which were marked with the name 'American Lady,' and not accompanied with any other mark clearly indicating that such shoes were of the manufacture of the Hamilton-Brown Shoe Company" (p. 254).

The defendant there, relying upon the case of *Westinghouse Mfg. Co. v. Wagner Mfg. Co., supra*, contended that it was incumbent upon the owner of the trade-mark to prove an opportionment of the profits attributable to the infringement, but the Court found on the facts that an apportionment of profits was "inherently impossible" saying at p. 261:

> "Assuming the asserted analogy to patent cases to exist, a sufficient reason for not requiring complainant in the present case to make an apportionment between the profits attributable to defendant's use of the offending mark and those attributable to the intrinsic merit of defendant's shoes is that *such an apportionment is inherently impossible.* * * * and it is to be remembered that defendant does not stand as an innocent infringer."

This distinction and analysis of the *Hamilton-Brown Shoe Company* case was recognized by Chief Justice Hughes in the opinion in *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390 at p. 405.

Furthermore a previous appeal in the *Hamilton-Brown Shoe Co.* case found in 206 Fed. 611 indicates that the owner of the trade-mark proved the existence of profits attributable to the infringement, for on page 615 it is said:

> "When appellee (the infringer) entered the field with its rival trade-name, appellant's business immediately fell off. Actual confusion in the mind of the consuming public was shown, and damage to appellant is legitimately to be presumed. The injury to its business was at least reasonably certain."

There are no proofs of such a nature in the case at bar.

* * * * *

In the case of *Duplate Corporation v. Triplex Company*, 298 U. S. 448, relied upon by petitioner on page 21 of its brief, it is evident on page 451 of the opinion that "the effect of the infringement had been to drive the complainant out of business" and resulted in very large profits to the infringer.

In the case of *Aladdin Mfg. Company v. Mantle Lamp Company*, 116 F. 2d 708, relied upon by petitioner on page 23, the appellant proved (p. 714) deliberate effort on the part of the infringer to profit wrongfully from its magazine and radio advertising. The Court of Appeals found (p. 714) that there were numerous sales in seven states "in which false representations were made resulting in selling to appellant's dealers goods of appellee (the infringer) as those of appellant." The Court found further (p. 716) "that the acts of the infringer were wanton, wilful and intentionally fraudulent, not only in infringement but also in unfair competition."

In the case at bar respondent's proofs, on the contrary, affirmatively indicate that none of its heels were purchased because of confusion in the mind of the consuming public

(see *ante* pages 12, 23). Furthermore, the opinion in the Aladdin case indicates that profits from sales not attributable to the infringement should be excluded from the accounting there ordered for the Court did as much in excluding therefrom the profits from the sale of "Aladdin smoking stands" and "Aladdin smoking trays" (p. 712).

In the case of *Trappey v. McIlhenny Co.*, 12 Fed. 2d 19, relied upon by petitioner on page 24 of its brief, the decree provided that the defendant account to the plaintiff for any and all profits derived by them by reason of the infringement. The Court recognized on page 20 that "the burden was on appellee to establish the amount of appellant's profits" but found that its books were in an unsatisfactory condition and (21) "contained evidence of a purpose on the part of appellants to make it untruly appear that no profits had been realized." It was therefore said that the rule in the Hamilton-Brown Shoe Company case with respect to apportionment of profits when "inherently impossible" should be applied.

The case of *Duro v. Duro*, 56 Fed. 2d 313, relied upon on page 24 of petitioner's brief, is likewise inapplicable.

The second appeal found in 56 F. 2d 313, and relied upon by petitioner, deals principally with a determination of the proper "elements of cost" provable by defendant under Section 19 of the Act in arriving at the actual figures in the accounting ordered. It is clear, we submit, that the Court awarded an accounting not for all of defendant's sales but for only those profits from defendant's sales which were attributable to the infringement, for on page 313 it is said:

> "The matter was referred to a Master, to take the usual accounting and report to the Court the *defendant's profits by reason of the infringement or damages caused by its wrongful acts.*"

There was proof in the Duro cases indicating either actual or reasonably probable deception and confusion, for in the District Court's opinion found in 27 F. 2d 336 at p. 338, we find the following finding (p. 338):

> "The plaintiff was the first to adopt the name 'Duro' as applicable to its electrical product. *By the unwarranted use by the defendant of this name undoubtedly purchasers were misled.* A man purchasing a Duro engine, and requiring a new spark plug, would undoubtedly seek a Duro plug. The Duro plugs are made of a size to fit exactly in the Duro engine. The difference in letter arrangement would not enable the purchaser to detect the simulated article. The plaintiff is entitled to the reputation his goods have acquired under the term 'Duro,' whether this name be a surname or not, and whether it is a technical trade-mark or not. *The essence of the wrong is the sale of these electrical goods for those of the plaintiff.*"

and in the Court of Appeals opinion in the first appeal found in 27 F. 2d 339, the following finding is made (p. 339):

> "As the goods of both companies are sold by the same class of dealers, it is quite clear that the owner of a Duro engine might well assume that a spark plug, marked 'Duro' and furnished by the same dealer as his Duro engine, was a replacement made by the maker of the Duro engine; and if so misled into purchase, and the spark plug proved unsatisfactory, the impairment of good will resulting therefrom would fall upon the maker of the Duro engine * * * (p. 340) but under the surrounding circumstances (we) limit the accounting from the date of the filing of the bill."

Here again the difference in the facts at bar equitably entitle petitioner to no more than it received, if as much.

Petitioner on page 25 of its brief asserts that the Sixth Circuit Court of Appeals in *Dickinson v. O. & W. Thum Co.*, 8 F. 2d 570, enunciated principles of law contrary to the principles set forth by the same Court speaking through Judge Hamilton's opinion in this case (R. 153).

We deny this and assert furthermore that the principles recognized in *Dickinson v. Thum* were the same as we contend for here. On page 573 of the opinion it is said:

> "It is insisted that the burden was on plaintiff to prove that defendant had made profits attributable in whole or in part to the infringing use of its trade-mark, and that the evidence does not support a finding that there were any so attributable. It would seem that this contention is precluded by our former opinion. *If it had been otherwise, an accounting of profits and damages would not have been ordered.* Be this as it may, the master was plainly right in finding that defendant had made profits attributable in whole or in part to the use of plaintiff's trade-mark. It had already been conclusively established that defendant was a willful infringer of a valid trade-mark."

If the foregoing principle is applied here then petitioner should have no accounting at all because there were no sales attributable to the technical infringement here found.

The facts in the Dickinson case further indicated that there had been a wrongful commingling and confusion of profits by the infringer and that therefore the principle enunciated in the Hamilton-Brown Shoe Company case that the owner of the infringing mark should have all of the profits when they were wrongfully commingled and

when it was "inherently impossible" to apportion them, was applicable (p. 574).

We believe it is evident from the foregoing analysis that in each of the cases discussed above which have been relied upon by petitioner there were proofs introduced by the owner of the trade-mark indicating that the infringer had received profits attributable in part or in full to the infringement and that such proof justified the accounting, "otherwise, an accounting of profits and damages would not have been ordered."

Furthermore, if the facts show that there had been a wrongful commingling and confusion of these profits by the infringer, then if it were "inherently impossible" to apportion them, the wrongdoing infringer must suffer as a result of his commingling and account for all the profits impossible of apportionment. Such, however, is not our case.

The Court of Appeals in the case at bar recognized this theory for the recovery of profits by way of accounting when it said (R. 161-2):

> "But before he is entitled to an accounting of profits for the use of his mark, the burden rests on him to show by a fair preponderance of evidence that either actual or reasonably probable deception or confusion has resulted and regard must be given to the class of persons who purchase the articles and to the circumstances ordinarily attending their sale. From the circumstances of this case, there appears no reasonable probability that there was confusion or deception without evidence of the fact."

The Court of Appeals also found (R. 158):

> "There is no finding of fact in the case at bar and we find no evidence in the record to support

> the inference that appellee adopted the symbol used on its heels for the fraudulent purpose of attracting to itself business or sales which belonged to appellant and there is no evidence that any such sales occurred. * * * No justification is found in the record for an inference that anyone appears to have been deceived by appellee's trade-mark into purchasing its shoe heels and lifts in the belief that he was purchasing shoe heels produced by appellant."

It is, we believe, apparent from the foregoing that respondent S. S. Kresge Co. obtained no sales attributable to its very technical infringement, and it may truthfully be said, therefore, that it holds none of its profits as a trustee *ex maleficio*. See *Hamilton Brown Shoe Company v. Wolf Brothers & Company*, 240 U. S. 251, at p. 259, where the theory of a trustee *ex maleficio* is discussed.

SECOND QUESTION

"WHERE A DECREE IS RENDERED FOR WRONGFUL USE OF A TRADE-MARK REGISTERED UNDER THE ACT OF 1905 AND THE DISTRICT COURT WHOSE JUDGMENT IS AFFIRMED FOUND THAT DEFENDANT'S INFRINGEMENT TENDED TO DESTROY PLAINTIFF'S GOOD WILL TO AN EXTENT BEYOND THE PARTICULAR ARTICLES AS TO WHICH PROFITS ARE AWARDED, SHOULD DAMAGES BE DENIED?"

PART II

I.

THE LOWER COURTS WERE JUSTIFIED IN VIEW OF THE ABSENCE OF RELIABLE PROOF OF DAMAGES IN NOT AWARDING AN ACCOUNTING THEREFOR

Petitioner predicates its claim for damages upon paragraph 11 of the original findings of fact of the District Court dated December 6, 1938. This reads (R. 122):

> "11. The heels sold by the defendant were of inferior quality as compared to the heels manufactured and sold by the plaintiff and attached to their product and this tended to destroy the good will created by the plaintiff in the manufacture of its superior product. Likewise, when one of the defendant's heels was attached to footwear not manufactured by the plaintiff it would tend to cause purchasers to believe that the entire article of footwear was manufactured by the plaintiff."

However, the above finding must be considered in the light of its subsequent amended findings of fact made November 27, 1939:

"(R. 128) (c) There is no direct proof that the plaintiff, Mishawaka Rubber Company, has lost sales as the result of purchases made from the defendant, S. S. Kresge Company, of either the Crusader heel or the Sure-Foot heel with the trade-mark in the color red."

"(R. 129) (h) There is, however, in the record no direct proof of any ordinary purchaser being misled into believing that heels marketed by the defendant were products of the plaintiff company."

"(R. 129) (e) That nearly all of the rubber heels which were on display in the S. S. Kresge Company stores covered by plaintiff's affidavits have borne in addition to the colored marks identifying trade marks, symbols or other indicia which further indicates that the heels being offered for sale by the S. S. Kresge Company were not the heels manufactured by the plaintiff."

It is evident from the foregoing that the tendency to injure petitioner's goodwill was threatened and not actual otherwise its sales would have been impaired. It is further evident that the tendency to cause purchasers confusion as to origin did not actually result in confusion. In the opinion of the District Court it was only a threatened condition.

Reading this quoted paragraph (par. 11, R. 122) of the District Court's original findings in the light of its context in the document wherein it is found and in the light of the subsequent amended findings of fact and of the evidence upon which it must necessarily be based, we think the Trial Court meant that such an injury to petitioner's goodwill was only threatened.

This finding of a *tendency* was intended by the District Court to justify the injunctive relief thereafter ordered in the same document (R. 123), but we submit,

was not intended to justify any accounting for damages, otherwise the Court would have said so. Tendency denotes a movement, course or a bias in a particular direction. There is no evidence in the record upon which to predicate a finding that petitioner's goodwill had actually been impaired. There was only a tendency to injure it which the Court sought to prevent by its injunction enjoining the use of any "red or reddish" circle on heels sold by respondent.

Had the District Court felt that petitioner was actually damaged as distinguished from the threat or a tendency to damage, it is only reasonable to suppose that in paragraph 5 of its conclusions of law (R. 123) it would have ordered an accounting for damages. It ordered (R. 123) "A decree may be ordered enjoining the defendant from the use of any red or reddish circular ball figure in rubber heels sold by it and providing for an accounting for profits unlawfully derived from the violation of the plaintiff's right." When reconsidered later it again refused to decree an accounting for damages on December 29, 1939; when it settled the decree here in question (R. 131). It then had before it petitioner's proposed decree which included an accounting for damages (Original R. 310) which it refused to enter.

The testimony supporting petitioner's claim of damage may be found in the Fink affidavit (R. 59) and in the Bryan and Keene affidavits discussing the so-called "wear test" (R. 66).

Petitioner's president, Mr. Fink, swore (R. 59) "and it is believed that said acts have been and are causing a very great amount of damage to plaintiff and that unless restrained by preliminary injunction, defendant will continue to commit the acts complained of and will thereby cause plaintiff further very great and irreparable damage." We

made timely objection to the admissibility of this in paragraph (i) of our objections to evidence (R. 118).

This objection was discussed at the trial on April 20, 1938 (R. 119-120) and the District Judge indicated that such a statement under oath by petitioner's president "will not be governed as damages to the plaintiff" (R. 120).

The only other proof on the question of damage to good will in the record is in the Bryan and Keene affidavits (R. 65-66). Bryan and Keene were employees of petitioner. On August 21, 1934, Keene started wearing a pair of shoes, one of which used a Surefoot rubber heel and the other petitioner's Mishko rubber heel. He wore these shoes until December 13, 1934, or approximately four months. Bryan's wear test covered one of respondent's Crusader heels and extended from August 30, 1934, to April 26, 1935, or about eight months. Both swore in their affidavits that both heels and marks showed considerable wear and (R. 66) "although the two heels were worn by me simultaneously and for the same identical length of time, the Surefoot heel (and the Crusader heel (R. 21)) showed more effects of wear than the plaintiff's heel." The identity of wording is petitioner's.

Both affidavits are silent as to the relative merits of the two heels with respect to their qualities of comfort and resiliency. We doubt if the witnesses' conclusions are admissible in evidence or worth much as proof of wearing quality, but if they are admissible, it still does not prove superiority of petitioner's product over the heels sold by respondent. Superiority of replacement heels is a relative matter and can not be determined solely by the "effects of wear." If it were, iron heels would still be in vogue.

Furthermore, we are not informed as to the conditions under which these heels were worn or whether Bryan and

Keene's personal habits or idiosyncrasies might make them harder on one heel or on one shoe than the other. They might ordinarily wear one heel faster or differently than the other as practically everyone does.

In the light of the record we submit that the District Court did not consider its finding as a finding of actual damage, otherwise as we have said heretofore, it seems reasonable to conclude that it would have provided for the same in its conclusions of law in the same document. The original finding relied upon by petitioner was made December 6, 1938. A year later the District Court on November 27, 1939, found (R. 128):

> "(c) There is no direct proof that the plaintiff, Mishawaka Rubber Company, has lost sales as a result of purchases made from the defendant, S. S. Kresge Company, of either the Crusader heel or the Surefoot heel with the trade-mark in the color red."

The tendency "to destroy the goodwill" (R. 122) found by the District Court on December 6, 1938, did not in its opinion result in any actual destruction thereof for there is no such evidence in the record nor was there any pecuniary injury to petitioner for manifestly the District Court would not have thereafter found that petitioner lost no sales.

In Michigan it is held that (*Oil Corp. v. Crowley, Milner & Co.*, 270 Mich. 187, at 195):

> "Plaintiff's claim for damages other than the loss of the profits on the oil sold by the defendant must be founded upon proof that the customers whom it has lost by reason of the sales made by the defendant will not return to it and that the business it had established has been injured thereby. • • •

> "Damages for infringement or unfair competition in a suit in equity must be confined to the loss actually sustained by plaintiff as the direct and natural consequence of such acts, and damages which are uncertain or speculative cannot form the basis of a recovery."

This Court has said:

> "It is well understood that such evidence must show damages to reasonable certainty. Mere 'plausible anticipation' does not merit consideration nor are flights into the realm of pure speculation entitled to be treated as evidence." *Connecticut Ry. & Lighting Company v. Palmer,* 305 U. S. 493-505.

The lower courts evidently felt as did the 6th Circuit Court in *Vogue Co. v. Thompson-Hudson Co.,* 300 Fed. 509, when it said:

> "The case is peculiarly one where such damage that has occurred, like that which is still in prospect, is incapable of computation. We see no reasonable probability that any substantial damages could be proved and reduced to dollars and cents with that degree of accuracy that is essential in such a case."

Unless Section 19 of the Trade-Mark Act grants to registrants something in the way of damages they otherwise would not have received (which we deny) then, we submit, in view of the foregoing the decree as it is, is correct.

II.

THE CIRCUMSTANCES HERE DID NOT JUSTIFY AN ACCOUNTING FOR DAMAGES UNDER THE TRADE-MARK ACT WHICH ONLY REQUIRES SUCH AN ACCOUNTING IN THE PROPER CASE TO BE DETERMINED BY THE COURT

We maintain that the Trade-Mark Act does not require an accounting for damages at all times and in all cases but the degree of "judicial interference will depend upon the facts proved and found in each case. These principles, it must be assumed, were in mind when Congress came to enact the registration statute." *American Foundries v. Robertson*, 269 U. S. 373, 381.

Prior to the adoption of the Trade-Mark Act of 1905, being 15 U. S. C. A. 99, there was considerable doubt whether in the same case in a court of equity the owner could recover profits attributable to the infringement and in addition thereto, the damages sustained from the infringement. The Trade-Mark Act removed this doubt.

In the *Aladdin* case, 116 F. (2d) 708, relied upon by petitioner, it is clear from the court's opinion that the purpose of Section 19 of the Trade-Mark Act of 1905 was to permit the recovery in a proper case of both profits and damages. On page 715 it is said:

> "Under the act covering trade-marks, Title 15 U. S. C. A. Section 99 * * * The procedure is analogous to that in patent cases."
>
> "Before passage of the act of 1870, 16 Stat. 270, two remedies were open to the owner of a patent whose rights had been infringed, and he had his election between the two. He might proceed in equity and recover the profits which the infringer had made by the unlawful use of his invention, the

> infringer in such a suit being regarded as trustee of the owner of the patent as respects such gains and profits; or he might sue at law, *in which case he would be entitled to recover as damages, compensation for the pecuniary injury suffered by the infringement;* the measure of damages in such case being not what the defendants had gained but what the plaintiff had lost."

There is no proof in the case at bar that petitioner has suffered a "pecuniary injury * * * by the infringement" here found.

It is said in *Hamilton-Brown Shoe Company v. Wolf Brothers & Company* (1915), 240 U. S. 251, at 259:

> "In the courts of England, the rule seems to be that party aggrieved must elect between damages and profits and cannot have both. In this country, it is generally held that *in a proper case* both damages and profits may be awarded."

We believe it to be clear that the judicial function of determining whether the "proper case" was presented and proved, was not interfered with by the Trade-Mark Act.

There is no proof that petitioner has lost sales. The Court so found (R. 128). Petitioner has offered no proof that it has lost any of its customers or that it was compelled to reduce its prices. It has offered no proof that its business, because of the technical infringement here found, was thereby decreased or injured nor that its advertising in any manner was thereby adversely affected or frustrated. We have here solely an instance of a technical trade-mark infringement with no palming off or other deceitful practice or hurtful competition.

In applying Rev. Stat. Section 4921 in *Dowagiac Mfg. Co. v. Minn. Plow Co.*, 235 U. S. 641, 647, heretofore relied upon, this Court held that where damages are sought for infringing sales and it does not appear that the plaintiff thereby lost the sale of a like number of machines or of any definite or even approximate number, no adequate basis is laid for an assessment of damages upon the ground of lost sales.

Petitioner argues on page 29 of its brief that "by associating the heels with marks in colors other than red, respondent imparted to the non-infringing heels the same significance of origin as the infringing heels. There is no proof justifying such an argument. It may be theory but it is not the fact. The same theory was argued in *Ammon & Person v. Narragansett Dairy Co.*, 254 F. 208 (aff'd. 262 F. 880) where the court said at p. 209:

> "The plaintiff's contention that the word 'Queen' alone had become so associated with plaintiffs' goods, that it meant to the public plaintiffs' goods, and that therefore defendant's profits are presumably due to that meaning, finds little support in the evidence. The contention is based rather upon a theoretical presumption than upon any substantial testimony. (The same may be said with respect to the case at bar.)
>
> "To apply in this case a presumption that purchasers who ordered goods from the defendant's factory, or who purchased goods packed in defendant's cartons (which could not be mistaken for plaintiffs'), did so because of any knowledge of plaintiffs' reputation or connection with the goods, would be highly unreasonable. Presumptions are never allowed against ascertained and established facts; when these appear presumptions disappear. *Lincoln v. French*, 105 U. S. 617, 26 L. Ed. 1189."

There has not been an infringing heel on respondent's counters since August 19, 1935. The District Court on November 27, 1939 (R. 129), found that there was no proof of any ordinary purchaser being misled into believing that any of the heels marketed by respondents were products of petitioner. The Circuit Court of Appeals in its opinion dated April 18, 1941, said (R. 158):

> "There is no finding of fact in the case at bar, and we find no evidence in the record to support the inference that appellee adopted the symbol used on its heels for the fraudulent purpose of attracting to itself business or sales which belonged to appellant and there is no evidence that any such sales occurred. * * * No justification is found in the record for an inference that any one appears to have been deceived by appellee's trademark into purchasing its shoe heels and lifts in the belief that he was purchasing shoe heels produced by appellant."

We submit that petitioner's point falls of its own weight.

In the interests of clarity we desire to say a few words relative to the cases relied upon by petitioner under this heading.

In *Story Parchment Co. v. Paterson Parchment Paper Co.*, 282 U. S. 555, relied upon by petitioner on page 32 of its brief the Court said (561):

> "In pursuance of the conspiracy (an unlawful combination in violation of the Sherman Anti-Trust Act) respondents sold their goods below the point of fair profit, and finally below the cost of production * * *. There was evidence of the prices received by petitioner before the cut prices were put into operation, and those received after, showing actual and substantial reductions, and

> evidence from which the probable amount of the loss could be approximated."

The Court also found (R. 567) that petitioner had been compelled to close its business as a result of the unlawful combination. The evidence thus indicated that the fact of damages was certain and obvious.

In *Straus v. Victor Talking Machine Co.*, 297 Fed. 791, relied upon by petitioner on page 33, as a result of the unlawful combination plaintiffs, who were buyers, were compelled to pay higher prices for goods (802); the fact of damage likewise was certain.

In *Aladdin Mfg. Co. v. Mantle Lamp Co.*, 116 F. (2d) 708, relied upon by petitioner on page 33, the Circuit Court of Appeals found (717):

> "There was proof of injury to appellant's business in appellee's conduct, including injury to its goodwill and nullification of its advertising program for which it expended large sums of money over and above profits gained by appellee. For such injury it was entitled to compensatory damages."

which should "include all damages ordinarily recoverable under the facts and circumstances presented" (716).

We conclude with the following quotation from *Dickinson v. O. & W. Thum Co.*, 8 F. (2d) 570 (6th C. 1925) at 575, it is said:

> "When a plaintiff in a trade-mark or unfair competition case seeks to recover damages, the burden is on him to prove by competent and sufficient evidence his lost sales, or that he was compelled to reduce prices as the result of his competitor's wrongful conduct. There is no presumption of law or of fact that a plaintiff would have made the sales that the defendant made. In this case

there is no sufficient, much less conclusive, evidence to show that plaintiff would have made all or any substantial part of the sales made by the defendant. Nor is there any adequate, much less conclusive, evidence that plaintiff reduced its price as a result of defendant's wrongful conduct. The evidence, on the other hand, is quite clear and convincing to the contrary. The same observations apply to the claim of damages to plaintiff's business from the inferior quality of defendant's product; it is not supported by adequate proof. For decisions showing the burden cast upon one claiming damages, and denying relief in the face of evidence of greater probative force, see the following: *Cornely v. Marckwald,* 131 U. S. 159; *Boesch v. Graff,* 133 U. S. 697."

We submit that under the facts and circumstances here presented no actual compensatory pecuniary injury was found by either court and the Record is barren that any existed. We, therefore, submit that under the circumstances the decree awards petitioner all the relief to which it is entitled.

PART III

I.

THERE IS NO ALLEGATION IN PETITIONER'S PLEADINGS NOR FINDING OF FACT BY EITHER COURT THAT RESPONDENT'S SALES EITHER WERE IN INTERSTATE COMMERCE OR INTERFERED THEREWITH—THEREFORE SECTIONS 19 AND 16 OF THE ACT DO NOT APPLY AND THE LOCAL SUBSTANTIVE LAW GOVERNS

We maintain that the Trade-Mark Act of 1905 by its very wording provides no remedy where the infringement of a trade-mark registered under it is within the limits of a State and does not interfere with interstate or foreign commerce.

In speaking for this Court in *United States Printing Company v. Griggs & Company,* 279 U. S. 156, Justice Holmes said:

> "But neither authority nor the plain words of the Act allow a remedy upon it for infringing a trade-mark registered under it, within the limits of a State and not affecting the commerce named."

There is no allegation in petitioner's pleadings nor is there any finding by either of the lower Courts that respondent's retail sales of the Crusader replacement heels or the Surefoot replacement heels in the color red were either in interstate commerce or interfered therewith.

The O'Sullivan Rubber Company, Inc., of New York City and Gettysburg, Pennsylvania, the Essex Rubber Company of Trenton, New Jersey, and the Boston Woven Hose & Rubber Company of Boston, Massachusetts, constitute the sole sources of supply of heels purchased by respondent for resale at retail (R. 88).

The replacement heels are shipped by these concerns to respondent's stores from where they are displayed on its

counters and sold to the public (R. 104-112) for its use either in repair or in replacement.

The S. S. Kresge Company does not ship these heels in interstate commerce. By its purchase orders respondent causes them to be shipped to its various stores (R. 88-9).

The affirmative answer to Interrogatory 5, 9 and 10 (R. 13, 14, 16) must be viewed in the light of petitioner's pleadings and the evidence. The following language in *Dowagiac Mfg. Co. v. Minn. Plow Co.*, 235 U. S. 641, at 650, is therefore important:

> "While they were made in the United States, they were not made by the defendants. The latter's infringement consisted only in selling its drills (heels) after they passed out of the maker's hands. The place of sale is therefore of controlling importance here."

Respondent's technical infringement in this case consisted only in selling the heels to the public after they had been shipped to and received by "our stores" (R. 89) from the manufacturer.

The place of sale is likewise of controlling importance here.

Early in July of 1935 a survey was made which indicated that in the 68 stores covered by petitioner's affidavits filed for use upon the preliminary hearing, there were only 173 Crusader heels in which the color red appeared; there were only 955 Surefoot heels in which the color red appeared (R. 92). This was an average of less than 3 heels per store for Crusaders and about 14 for the Surefoot heels.

After the preliminary hearing on August 10, 1935 (R. 115) these few heels, in obedience to the preliminary injunction, were removed from the counters. From August

19, 1935, until the date of the hearing before District Judge Lederle in April of 1938 (R. 119) and until the final decree was settled, December 29, 1939 (R. 131), or a period of approximately four and one-half years, not a single replacement heel, eventually found technically to infringe, remained on respondent's counters.

It is, therefore, manifest that none of respondent's retail sales either were in interstate commerce or interfered therewith within the realm of any concept enunciated by this Court.

We submit that when a clerk in a local store in Michigan or in any other state sells a pair of replacement heels to a member of the public for ten cents, places them in a bag and delivers them over the counter to the customer who goes about his business, such a transaction is a local transaction. It is not one engaged in interstate commerce, and any tort thereby committed is a local tort. That this same transaction may be repeated in another state in another store does not make it a matter of national concern, the transactions still remains a local transaction in intra-state commerce in some other state.

The power of the Congress to enact the Trade-Mark Act of 1905 arises from its power "to regulate commerce with foreign nations, and among the several states, and with Indian tribes" (Art. I, Sec. 8, Cl. 3). The Act so states and limits itself.

Respondent's technical infringement did not occur until it sold at retail the replacement heels which were manufactured and shipped to it by another. In view of the foregoing discussion it is difficult to believe that its sales were in interstate commerce or materially interfered therewith, and therefore we submit that Section 19 of the Trade-Mark Act is neither applicable to its sales nor to any accounting of profits thereon.

On page 31 of its brief petitioner claims the benefit of Section 16 of the Trade-Mark Act to fortify its position that it is entitled to an accounting for damages.

Section 16 hereinafter set forth in full in the appendix, in its applicable wording, provides as follows:

> "Any person who shall * * * colorably imitate any such trade-mark * * * and shall use, or shall have used, such * * * colorable imitation in commerce among the several states, or with a foreign nation, or with the Indian tribes, shall be liable to an action for damages therefor at the suit of the owner."

As indicated by the Record and by the discussion above, respondent has not used the heels which have here been found technically to infringe because of the "red or reddish color" "in commerce among the several states, or with a foreign nation, or with the Indian tribes."

We submit that neither Section 16 nor Section 19 is applicable to the factual situation here at hand.

If we are correct in this theory, then as indicated by the Circuit Court (R. 156) "whatever substantive rights appellant may have in the premises arise under local law and are within the scope of *Erie Railroad Company v. Tompkins*, 304 U. S. 64.

CONCLUSION

For the foregoing reasons the decree below should be affirmed.

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APPENDIX

Trade-Mark Act of 1905

Sec. 16, U. S. C., title 15, sec. 96. That the registration of a trade-mark under the provisions of this act shall be *prima facie* evidence of ownership. Any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy, or colorably imitate any such trade-mark and affix the same to merchandise of substantially the same descriptive properties as those set forth in the registration, or to labels, signs, prints, packages, wrappers or receptacles intended to be used upon or in connection with the sale of merchandise of substantially the same descriptive properties as those set forth in such registration, and shall use, or shall have used, such reproduction, counterfeit, copy, or colorable imitation in commerce among the several States, or with a foreign nation, or with the Indian tribes, shall be liable to an action for damages therefor at the suit of the owner thereof; and whenever in any such action a verdict is rendered for the plaintiff, the court may enter judgment therein for any sum above the amount found by the verdict as the actual damages, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs.

Sec. 19, U. S. C., title 15, sec. 99. That the several courts vested with jurisdiction of cases arising under the present act shall have power to grant injunctions, according to the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under this act, on such terms as the court may deem reasonable; and upon a decree being rendered in any such

case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction. The court shall have the same power to increase such damages, in its discretion, as is given by section sixteen of this act for increasing damages found by verdict in actions of law; and in assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of costs which are claimed.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1941

No. 649

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY, *Petitioner,*

vs.

S. S. KRESGE COMPANY.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF OF AMICUS CURIAE

MILTON HANDLER,
HERMAN SHULMAN,
ARTHUR T. VANDERBILT,
Counsel for the Pepsi-Cola Company,
Amicus Curiae.

17 Appeal Printing Co., Inc., 130 Cedar St., New York - WO 2-3242

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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1941

No. 649

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

vs.

S. S. KRESGE COMPANY.

BRIEF OF AMICUS CURIAE

Preliminary Statement

The petitioner is the proprietor of trade-marks registered in the United States Patent Office.

All owners of registered trade-marks whose products are nationally advertised and distributed in interstate and foreign commerce are naturally interested in the question whether their rights and obligations arising out of the registration of their trade-marks are governed by uniform federal law or diverse state laws.

One of the questions considered by the court below is whether the doctrine of *Erie R. Co.* v. *Tompkins*, 304 U. S. 64 (1938), applies to litigations involving registered trade-marks. This question will undoubtedly be considered by this Court on its review of the judgment below. Its decision of this point may have far-reaching effects.

The petitioner therefore desires to be heard on the applicability of the *Erie* doctrine to litigation involving trade-marks registered under the Trade-Mark Act of 1905 and will argue that federal law governs such litigation.

Question Discussed

The question to be discussed in this brief is whether the rule of *Erie R. Co.* v. *Tompkins*, 304 U. S. 64 (1938), is applicable to litigations in the federal courts respecting trade-marks registered under the Trade-Mark Act of 1905, as amended.

Short Statement of Facts

This is a suit for the infringement of a registered trade-mark and unfair competition in which the plaintiff seeks an injunction and an accounting for profits and damages (R. 133).* The District Court derived its jurisdiction from the fact that the suit arose under the trade-mark laws of the United States (15 U.S.C. sec. 97; 28 U.S.C. sec. 41, subdivisions First (a) and Seventh), and was between citizens of different states (R. 1-2). The District Court granted a limited injunction and account-

* Petitioner's trade mark was initially registered under the Trade-Mark Act of 1881 (R. 133) and was renewed May 28, 1931 (R. 135-7) (119 Fed. 2d 316, 321). Renewal of the registration brought the mark under the provisions of the 1905 Act and gave it "the same force and effect" as if registered under that act. (Sec. 12; 15 U.S.C. sec. 92.)

ing (R. 123, 131).** The Court of Appeals for the Sixth Circuit affirmed (R. 153; 119 Fed. (2d) 316) stating that the "substantive rights" of the parties were governed by local law under *Erie* v. *Tompkins*. The Court, however, pointed out that no claim was made that there was any difference between local and federal law and it therefore cited both Federal and Michigan precedents in support of its rulings (119 Fed. (2d) 316, 322). This Court granted certiorari on November 10, 1941 (R. 164; 62 Sup. Ct. 183), limiting its review to the first two questions presented in the petition.

Summary of Argument

The Trademark Act of 1905, as amended, provides a comprehensive scheme for the registration and protection of trademarks and vests the federal courts with jurisdiction of litigation arising under this Act. The questions which arise in such litigation, particularly those relating to the accounting of profits and the recovery of damages, are federal questions governed by federal law, to which the doctrine of *Erie* v. *Tompkins* is inapplicable.

** So far as protection of the plaintiff's mark was sought on the basis of its federal registration, jurisdiction rested upon 15 U.S.C. sec. 97 and 28 U.S.C. sec. 41, subdivisions First (c) and Seventh. In so far as relief might be sought apart from the registration of the mark, jurisdiction would be founded on diversity. In this brief, we treat that aspect of the case which turns upon the federal registration of the mark, and the fact that diversity of citizenship was also relied upon by the plaintiff in no wise alters the legal situation in respect of litigation involving registered trademarks. The questions which are before this Court under its writ of certiorari relate to provisions of the Trade-Mark Act of 1905 respecting accounting and damages, and hence the allegations in the pleadings concerning diversity of citizenship are immaterial so far as these questions are concerned.

ARGUMENT

I

The Trade-Mark Act of 1905, as amended, provides a comprehensive scheme for the registration and protection of trade-marks and vests the Federal Courts with jurisdiction of litigation arising under this Act.

1. *Analysis of Trade-Mark Act.* The Act of 1905, as amended, creates a comprehensive system for the registration and protection of trade-marks used in interstate and foreign commerce. Marks satisfying the conditions of registration prescribed by Section 5 may be registered in the United States Patent Office in accordance with a statutory procedure described in sections 1 to 9.[1]

The statute defines a trade-mark as including "any mark which is entitled to registration under the terms of this Act" (Sec. 29; 15 U.S.C. sec. 108). Under Section 5, any mark which may distinguish the goods of its owner

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1. Sections 1 and 2 relate to the application for the registration of a trade-mark in the Patent Office. Section 3 provides for the designation of a person upon whom service may be made, where the applicant for registration is not domiciled within the United States. Section 4 has to do with the application of marks registered in foreign countries affording reciprocal privileges to American registrants. Section 6 provides for examination of the application by the Patent Office and for opposition proceedings. Section 7 authorizes the Commissioner of Patents to declare an interference where the applicant's mark is substantially identical with or "so nearly resembles" another trade-mark, as in the opinion of the Commissioner "to be likely to be mistaken therefor by the public". Section 8 relates to appeals from the examiner of interferences to the Commissioner, and Section 9, for appeals to the United States Court of Customs and Patent Appeals from the decisions of the Commissioner. Section 10 deals with assignments of registered trade-marks; Section 11, with the issuance of certificates of registration; Section 12, with the duration and renewal of registrations; Section 13, with cancellation proceedings, Sections 14 and 15, with the fees payable in various proceedings in the Patent Office. Section 25 provides that any person who shall procure the registration of a trade-mark by false or fraudulent representations is liable for "any damages sustained in consequence thereof to the injured party". The Commissioner of Patents is granted rule-making power by Section 26. Section 28 requires that notice of registration be given to the public.

from other goods of the same class is entitled to registration, provided such mark does not fall within certain prohibited categories.[2]

Registration is *prima facie* evidence of ownership (Sec. 16; 15 U.S.C. sec. 96). No one may use in interstate or foreign commerce any "reproduction, counterfeit, copy, or colorable imitation" of a registered trade-mark (Sec. 16; 15 U.S.C. sec. 96). The federal courts are given jurisdiction "of all suits at law or in equity respecting trade-marks registered in accordance with the provisions of this act, arising under the present act, without regard to the amount in controversy" (Sec. 17; 15 U.S.C. sec. 97).[3]

Section 19 (15 U.S.C., sec. 99) confers upon the federal courts the "power to grant injunctions, according to the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under this act on such terms as the court may deem reasonable". An injunction so granted is operative throughout the United States (Sec. 20; 15 U.S.C. sec. 100).

Damages may be recovered in an action at law (Sec. 16; 15 U.S.C., sec. 96). Profits and damages may be awarded in a proper case in equity upon a finding of

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2. The statute denies registration to the following classes of marks: (a) immoral or scandalous matter; (b) a flag or coat of arms or other insignia of the United States or municipalities or foreign nations or designs of fraternal societies; (c) marks identical with registered or known trade-marks appropriated to merchandise of the same descriptive properties or those "which so nearly resemble a registered or known trade-mark", "as to be likely to cause confusion or mistake in the mind of the public or to deceive purchasers"; (d) marks consisting of the names of individuals, firms, corporations or associations not written or printed in a particular "or distinctive manner"; (e) words or devices which are descriptive of the goods or the character or quality thereof; (f) merely geographical names or terms; (g) portraits of living individuals, except upon written consent of such individuals.

A special proviso permits the registration of marks, otherwise non-registrable, which have been in actual and exclusive use for the ten year period next preceding the enactment of the statute.

3. Under Sec. 18, the Supreme Court is given jurisdiction to review on certiorari the decisions of the Circuit Courts of Appeal.

infringement (Sec. 19; 15 U.S.C. sec. 99). In assessing profits "the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of costs which are claimed" (Sec. 19; 15 U.S.C. sec. 99). Damages may be trebled "according to the circumstances of the case" (Sec. 16; 15 U.S.C. sec. 96). The court, having found infringement, may order that "all labels, signs, prints, packages, wrappers, or receptacles" bearing the infringing mark "shall be delivered up and destroyed" (Sec. 20; 15 U.S.C. sec. 100).

No action or suit may be maintained under the statute where the plaintiff is guilty of unclean hands, where the mark has been used in an unlawful business or upon an injurious article, where the mark has been abandoned or where the certificate of registration has been fraudulently obtained (Sec. 21; 15 U.S.C. sec. 101). The statute leaves undisturbed any rights and remedies which might exist if "this act had not been passed" (Sec. 23; 15 U.S.C. sec. 103).[4]

While the statute is essentially a registration act and does not purport comprehensively to codify the law of trademarks, it nevertheless deals with the important problems of validity, infringement, remedies and defenses. It specifies what marks may be registered (validity); it interdicts certain uses of registered marks (infringement); it outlines the remedies which are available to the registrant (remedies); and it, in part, enumerates the conditions under which a registered mark will be denied protection (defenses).

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4. The full text of section 23 follows: "That nothing in this act shall prevent, lessen, impeach, or avoid any remedy at law or in equity which any party aggrieved by any wrongful use of any trade-mark might have had if the provisions of this act had not been passed".

2. *Jurisdiction of Federal Courts in Trade-Mark Litigation.* The jurisdiction of the federal courts in litigations involving registered trademarks is derived from two sources: (a) the Trade-Mark Act of 1905 and (b) the Judicial Code.

Section 17 of the Act of 1905 (15 U.S.C., sec. 97) reads as follows:

> "The district and Territorial courts of the United States and the district court of the United States for the District of Columbia shall have original jurisdiction, and the circuit courts of appeal, of the United States and the United States Court of Appeals for the District of Columbia shall have appellate jurisdiction of all suits at law or in equity respecting trade-marks registered in accordance with the provisions of this act, arising under the present act, without regard to the amount in controversy."

Section 24 of the Judicial Code (28 U.S.C., sec. 41) provides:

> "The district courts shall have original jurisdiction as follows: * * * First, of all suits of a civil nature, at common law or in equity, * * * where the matter in controversy exceeds, exclusive of interest and costs, the sum or value of three thousand dollars, and (a) arises under the Constitution or laws of the United States, or treaties made, or which shall be made, under their authority, * * * Seventh. Of all suits at law or in equity arising under the patent, the copyright, and the trade-mark laws."

3. *Federal Nature of Questions Arising in Trademark Litigation.* A careful analysis of the Trademark Act of 1905 discloses that the questions which are litigated under that Act are essentially federal in nature.

A. *The Validity of Registered Trade-Marks.* As we have seen, Section 5 prescribes the conditions entitling a mark to registration. Although this section is cumbrously drafted, its meaning is not difficult of ascertainment. The affirmative quality which is required of a mark is that it distinguish the goods upon which it is applied. The exclusion from registration of numerous classes of marks sheds light on the types of mark which are entitled to the advantages of registration. Thus, the clear implication of the provision prohibiting the registration of descriptive terms is that words which are non-descriptive, viz.: fanciful and distinctive, may be registered.

The common law drew similar distinctions between fanciful and arbitrary terms, on the one hand, and descriptive and geographical terms, on the other. For this reason, common law precedents are of undoubted value in the construction and administration of the statute. It is important to observe, however, that Section 5 is entirely self-contained and establishes a meaningful yardstick for determining what marks are entitled to be registered. While the Patent Office and the courts have traditionally referred to common law precedents,[5] it has never been held by this Court that the law of any particular state is determinative of the registrability under the statute of a mark used in interstate or foreign commerce.

We do not assert that "substantive rights" are derived from registration under this statute. The contrary has been repeatedly declared.[6] Rights in a mark result from

5. See *Holland* v. *C. & A. Import Corp.*, 8 F. Supp. 259, 261 (1934); *Re Northern Paper Mills*, 64 Fed. (2d) 998-999 (C.C.P.A., 1933); *Walgreen Co.* v. *Godefroy Mfg. Co.*, 74 Fed. (2d) 127, 128-9 (C.C.P.A., 1934).

6. *Beckwith* v. *Commissioner of Patents*, 252 U. S. 538-543 (1920); *American Steel Foundries* v. *Robertson*, 269 U. S. 372, 381-2 (1926); *American Trading Co.* v. *H. E. Heacock Co.*, 285 U. S. 247, 257-8 (1932).

use and not from mere registration.[7] Registration, however, as pointed out by Mr. Justice Hughes in *Thaddeus Davids Co.* v. *Davids*, 233 U. S. 461, 471 (1914), makes "the right to be protected against an unwarranted use of the registered mark * * * a statutory right".

The distinctions between the "substantive" rights in a mark and their "procedural" enforcement tend in practice to become metaphysical. It is clear that a protectable interest in a trademark may be obtained entirely apart from its registration. Once the mark, however, is registered, its protection falls within the comprehensive framework of the statute.[8]

It does not follow from the fact that registration does not enlarge the "substantive" rights of a trade-mark proprietor that the validity of a *registration* under the statute or the scope of protection afforded a registered mark is governed by the laws of the several states. The privilege of registration and the rights and advantages flowing therefrom are created and defined by federal statute and hence are necessarily federal questions.

B. *The Issue of Infringement.* Infringement is defined in the statute as the "reproduction, counterfeit, copy, or colorable imitation" of a registered trade-mark (Section 16; 15 U.S.C., sec. 96). There is no significant difference between the statutory test of infringement and that of the common law. Indeed, both sections 2 and 5 use the more familiar language of the common law in barring the registration of a mark which is "identical" or "which so nearly resemble a registered or known" mark

7. *United States Printing and Lithograph Co.* v. *Griggs, Cooper & Co.*, 279 U. S. 156, 157 (1929); *Walgreen Drug Stores Inc.* v. *Obear-Nester Glass Co.*, 113 Fed. (2d) 956, 960 (C.C.A. 8th, 1940), cert. den. 311 U. S. 708 (1940).

8. To be sure, the registrant under section 23 may rely exclusively upon his common law rights, but in that event, he can obtain none of the advantages of his registration.

"as to be likely to cause confusion or mistake in the mind of the public or to deceive purchasers".

The fact that the statute codifies the common law test of infringement does not mean that the laws of the several states govern whether a registered trade-mark has been infringed by another mark used in interstate commerce. The federal Constitution and many federal statutes contain terms which have a common law history and significance. Certainly it would not be argued, for example, that the common law phrases "restraint of trade" and "monopoly" as used in the Sherman Anti-Trust Act, or "unfair methods of competition" as used in the Federal Trade Commission Act, require federal courts in suits under these statutes to apply the law of the various states in which the offending acts occurred.[9]

Section 19 endows the federal courts with "power to grant injunctions, according to the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under this act, on such terms as the court may deem reasonable." This section, coupled with the jurisdictional provisions of Section 17, is the source of authority of the federal courts to issue injunctions to repress infringements of registered trade-marks.

The course and principles of equity referred to by the statute are clearly the body of general law developed by the federal courts. Of significance in this connection is the provision that injunctions shall be issued "on such terms as the court may deem reasonable". "The court" indubitably refers to the federal courts.

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9. See *National Candy Co.* v. *Federal Trade Commission*, 104 Fed. (2d) 999 (C.C.A. 7th, 1939) cert. den. 308 U. S. 610 (1939).

This construction of the statute is fortified by Section 20 which provides that an injunction issued by a federal court shall be operative throughout the United States. The authority to grant such an injunction would appear to negate the applicability of the laws of the several states.

Parenthetically it may be noted that the question appears still to be open whether *Erie* v. *Tompkins* applies to suits in equity even where jurisdiction rests upon diversity.[10] Here where the authority to grant an injunc-

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10. See *Russell* v. *Todd*, 309 U. S. 280, 287, 294 (1940); *D'Oench, Duhme & Co. Inc.* v. *Federal Deposit Ins. Corp.*, 62 Sup. Ct. 676, at 683 fn. (1942); *Atlas Life Ins. Co.* v. *Southern*, 306 U. S. 563 (1939); *Ruhlin* v. *New York Life Ins. Co.*, 304 U. S. 202 (1938); *West* v. *American Tel. & Tel. Co.*, 311 U. S. 223, 226 (1940); *Cities Service Oil Co.* v. *Dunlap*, 308 U. S. 208 (1939).

It will be remembered that equity proceedings in the federal courts were early put upon a separate footing from actions at law and that they have had a distinct constitutional and statutory history. (Constitution, Art. III, §2; Judiciary Act of 1789, §11 [28 U.S.C. §41-1]; Id. §16 [Adequacy of Legal Remedy; 28 U.S.C. §384]; Process Acts of 1789 and 1792 (1 Stat. 93, 276; 28 U.S.C. §723); Equity Rules of 1822 [7 Wheat. xvii]; Compare; Rules of Decision Act, Judiciary Act of 1789, §34 [28 U.S.C. §725]; Conformity Act [17 Stat. 197, 1872; 28 U.S.C. §724]; Constitution Amendment VII. See The Federalist, Nos. 80, 83; Warren, New Light on the History of the Federal Judiciary Act of 1789 (1923), 37 Harv. L. R. 49, 78-9, 96, 99 et seq.; Moschzisker, Equity Jurisdiction in the Federal Courts (1927), 75 U. of Pa. L. R. 287). Thus, for example, equity procedure, from an early date, has been governed by federal statute and rule. (Process Acts of 1789 and 1792, and Equity Rules of 1822, *supra*). Only recently have rules been promulgated for actions at law in the federal courts superseding the provision of the Conformity Act of 1872.

There is ample authority in the earlier decisions of this Court to the effect that federal law is determinative of the substantive principles of equity administered in the federal courts. (*Robinson* v. *Campbell*, 3 Wheat. 212, 222-3 [1818]; *U. S.* v. *Howland & Allen*, 4 Wheat. 108, 115 [1819]; *Boyle* v. *Zacharie*, 6 Pet. 648, 658-9 [1832]; *Livingston* v. *Story*, 9 Pet. 632, 655 [1835]; *Neves* v. *Scott*, 13 How. 268, 271-2 [1851]; *Payne* v. *Hook*, 74 U. S. 425, 430 (1869)). The contrary has also been intimated. (*Mason* v. *U. S.*, 260 U. S. 545, 558-9 (1923); *Erie R. Co.* v. *Tompkins*, 304 U. S. 64, 72 (1938); see Note, Developments in the Doctrine of *Erie Railroad Co.* v. *Tompkins*, (1942) 9 U. of Chicago L. R. 308; Dye, Development of the Doctrine of *Erie Railroad* v. *Tompkins*, (1940) 5 Mo. L. R. 193, 196. See also *Pusey & Jones Co.* v. *Hanssen*, 261 U. S. 491 (1923); *Mississippi Mills* v. *Cohn*, 150 U. S. 202, 205-6 (1893); Note, State Statutes and the Federal Equity Courts (1932), 32 Col. L. R. 688).

The difficulties of applying the *Erie* principle to equity litigation is evidenced by *Atlas Life Ins. Co.* v. *Southern*, 306 U. S. 563. The diverse origins and development of the equity powers of the courts of the several states, (The Federalist No. 83; Warren, loc. cit. *supra*, p. 96; Moschzisker, loc. cit. *supra*, pp. 289-290; 1 Pomeroy, Equity Jurisprudence, 5th Ed. 1941, §§40-42a; Roscoe Pound, Book Review (1924), 37 Harv. L. R. 396, 397), and the diversity of federal legislation applicable to equity suits in the federal courts, (*Atlas Life Ins. Co.* v. *Southern*, *supra*), exemplify the difficulties.

tion is expressly provided for by federal statute, it is clear that *Erie* v. *Tompkins* can have no application.

C. *The Accounting.* Damages may be recovered in an action at law maintained under the statute (Sec. 16; 15 U.S.C., sec. 96). Profits as well as damages may be awarded as incidental relief in a suit in equity upon a decree being rendered restraining the wrongful use of a trademark (Sec. 19, 15 U.S.C., sec. 99). The statute provides for the trebling of damages in proper cases. Specific provisions are found in Section 19 in respect of the accounting. The statute reads:

> "and in assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost which are claimed."

A large body of doctrine has been developed by the federal courts with respect to the occasion for and the scope of an accounting as a matter of general law under the statute. Thus, the granting of an accounting is discretionary with the court depending upon the circumstances of the case.[11] The bona fides or innocence of the defendant is a factor in determining whether an accounting will be ordered.[12] The accounting will be denied where it is apparent that the expenses of the accounting will exceed the profits and damages to be paid.[13] Accountings have been denied where the plaintiff has been guilty of

11. See cases cited *infra*, notes 12-15.

12. See *Ammon & Person* v. *Narragansett Dairy Co.*, 254 Fed. 208, 209 (1918), aff'd 262 Fed. 880, 884-5 (C.C.A. 1st, 1919); *Golden West Brewing Co.* v. *Milonas & Sons*, 104 Fed. (2d) 880, 882 (C.C.A. 9th, 1939); *Champion Spark Plug Co.* v. *Emener*, 16 F. Supp. 816, 826 (1936); *Pease* v. *Scott County Milling Co.*, 5 Fed. (2d) 524, 526-7 (1925); *cf. Saxlehner* v. *Siegel-Cooper Co.*, 179 U. S. 42, 43 (1900); *Straus* v. *Notasemo Hosiery Co.*, 240 U. S. 179 (1916).

13. *Rosenberg Bros. & Co. v. Elliott*, 7 Fed. (2d) 962, 967 (C.C.A. 2d, 1925); See *Matzger* v. *Vinikow*, 17 Fed. (2d) 581, 583-4 (C.C.A. 9th, 1927).

laches, acquiescence, estoppel, or other inequitable conduct.[14]

There is no indication in the statute that Congress intended that the laws of the several states should govern the minutiae of the rules respecting the accounting. It is clear that the subject of accounting in trademark suits is dealt with by the statute. It is submitted that the federal courts acting in accordance with the course and principles of equity were endowed by Congress with authority to determine all of these questions without regard to the law of the states in which they sit or in which the alleged wrongful acts took place. The rules of the account developed by the federal courts fall within the general framework of the statute and are necessarily interstitial in nature. Hopeless confusion would necessarily result if the federal courts were to apply a conglomeration of state and federal law in this regard.

D. *Defenses.* The trademark act does not purport to codify all the defenses that are available in trademark litigation. Section 21 (15 U.S.C., sec. 101) provides:

> "That no action or suit shall be maintained under the provisions of this act in any case when the trade-mark is used in unlawful business, or upon any article injurious in itself, or which mark has been used with the design of deceiving the public in the purchase of merchandise, or has been abandoned, or upon any certificate of registration fraudulently obtained."

Manifestly, the defenses embraced by this section are governed by federal law although the cognate decisional law of the states is undoubtedly persuasively relevant.

14. *Golden West Brewery Co.* v. *Milonas*, 104 Fed. (2d) 880, 882 (C.C.A. 9th, 1939).

So much of the field being covered by the statute, it would seem apparent that federal law is controlling in the case of the other traditional defenses. Unless the law of trade-marks is to become a hybrid of disconnected rules, stemming from separate and unrelated sources and having separate logics and histories, it is manifest that there should be one system of law in the federal courts applicable to litigations respecting registered marks. Such an integrated system, we believe, is contemplated by the Act of 1905.

4. *Federal Trade-mark Registration Is Limited to Interstate Commerce.* The Act of 1905, as its title expressly indicates, was enacted by Congress in the exercise of its constitutional authority over interstate commerce.

The only marks which may be registered are those which have been used in interstate or foreign commerce.[15] The jurisdiction of the federal courts to repress infringement is limited to the use of the offending mark in interstate commerce.[16] It is thus apparent that the Trade-mark Act and the rules developed by the federal court in its construction, application and enforcement relate exclusively to the field of interstate commerce—a field in which historically the federal law has been supreme.[17]

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15. Section 1; 15 U.S.C. sec. 81.

16. Section 16; 15 U.S.C. sec. 96; *U. S. Printing and Lithograph Co.* v. *Griggs, Cooper & Co.*, 279 U. S. 156 (1929).

17. The intimations in the cases that federal legislation dealing with the substantive aspects of the law of trade-marks might be unconstitutional (*Trade-mark Cases*, 100 U. S. 82, 95 [1879]; *United Drug Co.* v. *Rectanus Co.*, 248 U. S. 90, 99 [1918]; *American Steel Foundries* v. *Robertson*, 269 U. S. 372, 381-2 [1926]; *American Trading Co.* v. *H. E. Heacock Co.*, 285 U. S. 247, 257-8 [1932]) mean nothing more than that there is no independent constitutional source of congressional power to legislate on the law of trade-marks, such as there is in the case of patents and copyrights (Constitution, Article I, section 8). These cases do not negate the power of Congress acting under the commerce clause to legislate substantively on the law of trade-marks. (See *Schechter, Fog & Fiction in Trademark Protection* (1936), 36 Col. Law Rev. 60, 67-79), just as Congress has in the Federal Trade Commission Act and in the National Labor Relations Act legislated on the law of unfair trade and labor practices.

II

Erie v. _Tompkins_ is not applicable to litigation involving trade-marks registered under the Act of 1905.

The doctrine of *Erie* v. *Tompkins* was enunciated in a case in which jurisdiction was based entirely upon diversity of citizenship, one of the two principal heads of federal jurisdiction.[1] The evils which this Court sought to eliminate in this decision are those peculiar to diversity cases. Mr. Justice Brandeis stated (304 U. S. at 74, 75):

> "Swift *v.* Tyson introduced grave discrimination by non-citizens against citizens. It made rights enjoyed under the unwritten 'general law' vary according to whether enforcement was sought in the state or in the federal court; and the privilege of selecting the court in which the right should be determined was conferred upon the non-citizen. Thus, the doctrine rendered impossible equal protection of the law."[2]

In promulgating the *Erie* doctrine, this Court was careful to point out that it had no application to matters governed by the Federal Constitution or by Acts of Congress. Mr. Justice Brandeis stated at p. 78:

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1. See Frankfurter, The Distribution of Judicial Power Between the United States and State Courts (1928), 13 Cornell Law Quarterly 499, 507 ff.

2. "* * * the accident of diversity of citizenship would constantly disturb equal administration of justice in co-ordinate state and federal courts sitting side by side". Mr. Justice Reed in *Klaxon Co.* v. *Stentor Electric Mfg. Co.*, 313 U. S. 487, at 496 (1941).

"These recent cases, like *Swift* v. *Tyson* which evoked them, dealt only with the very special problems arising in diversity cases, where Federal jurisdiction exists to provide nonresident parties an optional forum of assured impartiality." Mr. Justice Jackson concurring in *D'Oench, Duhme & Co.* v. *Federal Deposit Ins. Corp.*, 62 Sup. Ct. 676, 683 (1942).

> *"Except in matters governed by the Federal Constitution or by Acts of Congress, the law to be applied in any case is the law of the State."**

This limitation finds statutory support in the Rule of Decisions Act (28 U.S.C., sec. 725), which provides:

> "The laws of the several States, except where the Constitution, treaties, or statutes of the United States otherwise require or provide, shall be regarded as rules of decision in trials at common law, in the courts of the United States, in cases where they apply."

Further recognition that federal questions stand on a separate footing is found in *Hinderlider* v. *LaPlata River & Cherry Creek Ditch Co.*, 304 U. S. 92 (1938) decided on the same day as *Erie* v. *Tompkins*, where Mr. Justice Brandeis stated (at p. 110):

> "* * * whether the water of an interstate stream must be apportioned between the two States *is a question of 'federal common law'* upon which neither the statutes nor the decisions of either State can be conclusive (citing authorities). Jurisdiction over controversies concerning rights in interstate streams is not different from those concerning boundaries. These have been recognized as presenting *federal questions.*"

The exception recognized by Mr. Justice Brandeis is a necessary corollary of *Erie* v. *Tompkins*. For the unseemly conflicts which this rule sought to eliminate there would be substituted a new and more aggravated set of evils were not the supremacy of federal law in the resolution of federal questions to be recognized. Cf. *Irving*

* Italics ours unless otherwise indicated.

Trust Company v. *Day*, 86 L. Ed. 349 (1942). Only in this way can the constitution, statutes and treaties of the United States receive the uniform construction and application which their national character demands.

This Court and the lower federal courts[3] have drawn a distinction between diversity cases and the cases involving federal questions.

In *Board of County Commissioners* v. *U. S.*, 308 U. S. 343 (1939), the suit was by the United States in behalf of an Indian to recover taxes which had been levied by a state taxing authority on land claimed to be exempt from taxation by reason of a treaty between the United States and the Pottawatomie Indians. The question was whether the state or federal law governed the allowance of interest on the illegally collected taxes. In applying federal law, Mr. Justice Frankfurter said (at pp. 349, 350):

> "The issue is uncontrolled by any formal expression of the will of Congress. * * * Effectuation of the exemption is, of course, entirely within congressional control. But Congress has not specifically provided for the present contingency, that is, the nature and extent of relief in case loss is suffered through denial of exemption. It has left such remedial details to judicial implications. Since the origin of the right to be enforced is the Treaty, plainly whatever rule we fashion is ultimately attributable to the Constitution, treaties or statutes of the United States, and does not owe its authority to the law making agencies of Kansas. Cf. *Erie R. Co.* v. *Tompkins*, 304 U. S. 64."

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3. *National Candy Co.* v. *Federal Trade Commission*, 104 Fed. (2d) 999 (C.C.A. 7th, 1939), cert. den., 308 U. S. 610 (1939) (order of Federal Trade Commission forbidding unfair method of competition); *Weil* v. *U. S.*, 115 Fed. (2d) 999 (C.C.A. 2d, 1940), cert. den., 313 U. S. 574 (1941) (taxability of security transfers); *Salvage Process Corp. et al.* v. *Acme Tank Cleaning Process Corp.*, 104 Fed. (2d) 105 (C.C.A. 2d, 1939), cert. den., 308 U. S. 599 (1939).

In *Rawlings* v. *Ray*, 312 U. S. 96 (1941), the question was whether in an action by a receiver of a national bank to recover an assessment imposed upon stockholders by the Comptroller of the Currency, federal or state law determined when the cause of action accrued. Mr. Chief Justice Hughes said (at p. 98):

> "The question as to the time when there was a complete and present cause of action so that the receiver could enforce by suit the liability imposed by the Comptroller's assessment is a federal question and turns upon the construction of the assessment and the authority of the Comptroller to make it under the applicable federal legislation."

The same view was taken in *Royal Indemnity Co.* v. *U. S.*, 313 U. S. 289 (1941), in a suit by the United States on a surety bond which had been filed by a taxpayer with the Collector of Internal Revenue on an application for the abatement of income tax. The question was whether interest was recoverable. Mr. Justice Stone said (at p. 296):

> "But the rule governing the interest to be recovered as damages for delayed payment of a contractual obligation to the United States is not controlled by state statute or local common law. In the absence of an applicable federal statute, it is for the federal courts to determine, according to their own criteria, the appropriate measure of damages expressed in terms of interest, for non-payment of the amount found to be due."

In *Deitrick* v. *Greaney*, 309 U. S. 190 (1940), the suit was by a receiver of a national bank on a promissory note knowingly given to the bank by one of its directors as a substitute for shares of its own stock which had been illegally purchased and retained by the bank. The note

was given to conceal the bank's illegal acquisition of its own stock on the understanding that the maker would not be called upon for payment. The National Banking Act, though prohibiting the purchase of their own stock by national banks, contains no specific provision relating to the enforcement of notes given under the circumstances of this case. Mr. Justice Stone stated (at pp. 200, 201):

> "A point much discussed in brief and argument, upon the assumption that local law will guide our decision, see Erie R. Co. *v.* Tompkins, 304 U. S. 64, is whether by Massachusetts law respondent is precluded from setting up the illegality of the transaction as a defense to his note. But it is the federal statute which condemns as unlawful respondent's acts. The extent and nature of the legal consequences of this condemnation though left by the statute to judicial determination, are nevertheless to be derived from it and the federal policy which it has adopted, see Jackson County *v.* United States, 308 U. S. 343, and cases cited. We have recently held that the judicial determination of the legal consequences which flow from acts condemned as unlawful by the National Bank Act involves decision of a federal, not a state question. Awotin *v.* Atlas Exch. Nat. Bank, 295 U. S. 209."

A similar state of facts was presented for decision in *D'Oench, Duhme & Co.* v. *Federal Deposit Ins. Corp.*, 62 Sup. Ct. 676 (1942). There the majority held that the note had been given in contravention of the policy of the federal banking laws and that therefore the maker's liability should be treated as a federal question and hence not governed by the *Erie* doctrine. The minority felt that the act creating the Federal Deposit Insurance Corporation could have no application to a transaction occurring before its

enactment. Both the majority and minority left open the question whether the *Erie* doctrine applies to all controversies arising in the federal courts outside their diversity jurisdiction when no federal question is presented. Mr. Justice Jackson, concurring, took the position that in cases arising under the laws of the United States, the governing law is federal common law. He states (62 Sup. Ct. at p. 686):

> "A Federal court sitting in a non-diversity case such as this does not sit as a local tribunal. In some cases it may see fit for special reasons to give the law of a particular state highly persuasive or even controlling effect, but in the last analysis its decision turns upon the law of the United States, not that of any state. Federal law is no juridical chameleon, changing complexion to match that of each state wherein law suits happen to be commenced because of the accidents of service of process and of the application of the venue statutes. It is found in the Federal Constitution, statutes, or common law. Federal common law implements the Federal Constitution and statutes, and is conditioned by them."

While this Court thus, since *Erie* v. *Tompkins*, has held that federal questions are governed by federal law, it has not yet expressly excluded the *Erie* doctrine from non-diversity cases which do not raise for decision any federal question. See *D'Oench, Duhme & Co.* v. *Federal Deposit Insurance Co.*, 62 Sup. Ct. 676 (1942).[4]

The basic questions which arise in litigation involving marks registered under the Act of 1905, as amended,

4. Compare *City of Yonkers* v. *Downey*, 309 U. S. 590 (1939), with *Wichita Royalty Co.* v. *City National Bank*, 306 U. S. 103 (1939).

clearly fall within the ambit of the *Hinderlider, Board of County Commissioners, Rawlings* and *Royal Indemnity Co.* cases.

Trade mark litigation calls for the application of (a) specific statutory provisions, (b) the construction of the general terms in these statutes, or (c) the determination of interstitial points which are not expressly covered by the statute.

Questions of the first two types are clearly outside the purview of *Erie* v. *Tompkins.* Questions of the third type are of the same nature as those decided on the basis of federal law in the *Board of County Commissioners, Rawlings* and *Deitrick* cases.

More than a quarter of a century ago, in *Thaddeus Davids Co.* v. *Davids,* 233 U. S. 461 (1914), this Court treated the validity of a mark registered under the ten-year proviso of Section 5 of the 1905 Act and the scope of protection to be afforded such mark as questions of statutory construction. After pointing out the resemblance between marks registered under the ten-year proviso and common law trade names which had acquired a secondary meaning, Mr. Justice Hughes stated (at p. 471):

> "* * * this is not to say that, in this view, the case becomes one simply of unfair competition, as that category has been defined in the law; for, whatever analogy may exist with respect to the scope of protection in this class of cases, *still the right to be protected against an unwarranted use of the registered mark has been made a statutory right,* and the courts of the United States have been vested with jurisdiction of suits for infringement, regardless of diversity of citizenship."

An analogous situation may be found in *Sheldon* v. *Metro-Goldwyn Pictures Corp.*, 309 U. S. 390 (1940), where this Court construed the accounting provisions of the Copyright law, which are very similar to the cognate provisions of the Trade-Mark Act.[5] Though this case arose after the decision in *Erie* v. *Tompkins*, this Court looked only to its own decisions. Indeed, Mr. Chief Justice Hughes stated (at p. 402):

> "Both the Copyright Act and *our decisions* leave the matter to the appropriate exercise of the equity jurisdiction upon an accounting to determine the profits 'which the infringer shall have made from such infringement' ".

Our analysis of the Trade-Mark Act of 1905, as amended, in Point I discloses that Congress, in the enactment of the statute, occupied the field of the registration and protection of trade-marks used in interstate commerce. Though primarily a registration law, this Act contains numerous provisions which are applicable to the determination of such important issues in trade-mark litigation as validity of registration, infringement, remedies including accounting and defenses. Some areas of the law of trade-marks, as we have seen, are only partially covered by the statute.[6] We respectfully submit that the statute is suffi-

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5. Section 25 of the Copyright Act (17 U.S.C., Sec. 25), reads as follows:

> "If any person shall infringe a copyright in any work protected under the copyright laws of the United States such person shall be liable * * * (b) To pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement, and in proving profits the plaintiff shall be required to prove sales only and the defendant shall be required to prove every element of cost which he claims."

6. Cf. Mr. Justice Frankfurter in *Board of County Commissioners* v. *U. S.*, 308 U. S. 343, 351 (1939):

> "Having left the matter at large for judicial determination within the framework of familiar remedies equitable in their nature, see Stone *v.* White, 301 U. S. 532, 534, Congress has left us free to take into account appropriate considerations of 'public convenience'."

ciently comprehensive to warrant the finding of this Court that Congress has occupied this field, and that federal law is decisive on the various questions which we have discussed arising in litigations involving trade marks registered under this Act.[7]

The case at bar presents for decision the question of whether federal law governs the accounting of profits and the recovery of damages. In both instances, there are specific statutory provisions which are undeniably applicable, as well as general provisions calling for construction. These statutory provisions are clearly the basis of the claims now pressed by the petitioner in this Court. The interstitial questions involved are so tied up with the statutory provisions that it would be difficult, and we submit, unwise, to refer to the varying laws of the several states for their determination. They are not dissimilar in nature from the questions which were held to be governed by federal law in the cases above reviewed.

Neither *Kellogg Co.* v. *National Biscuit Co.*, 305 U. S. 111 (1938), nor *Armstrong Paint and Varnish Works* v. *Nu-Enamel Corp.*, 305 U. S. 315 (1938), were concerned with trade-marks registered under the Act of 1905. The observations of Mr. Justice Brandeis in footnote 1 of the opinion in the *Kellogg* case related to litigation in which federal jurisdiction rests on diversity of citizenship. In the *Nu-Enamel* case, Mr. Justice Reed left open the question of the applicability of *Erie* v. *Tompkins* to litigation under the Act of 1920.[8]

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7. Compare: *O'Brien* v. *Western Union Telegraph Co.*, 113 F. (2d) 539 (C.C.A. 1st, 1940); *Vaigneur* v. *Western Union Telegraph Co.*, 34 F. Supp. 92 (E. D. Tenn., 1940); McCormick and Hewins, The Collapse of "General" Law in the Federal Courts (1938) 33 Illinois Law Review 136, 143 ff; *Adams Express Co.* v. *Croninger*, 226 U. S. 491 (1912); *Southern Express Co.* v. *Byers*, 240 U. S. 612 (1916); *Western Union Telegraph Co.* v. *Brown*, 234 U. S. 542 (1914); *Western Union Telegraph Co.* v. *Boegli*, 251 U. S. 315 (1920).

8. 305 U. S. 315, 333, note 19.

In *Pecheur* v. *National Candy Company*, 122 Fed. (2d) 318 (C.C.A. 3d, 1941) cert. granted 62 Sup. Ct. 182 (1941), the suit was for the infringement of an *unregistered* mark and jurisdiction was based upon diversity of citizenship. There was also involved in the litigation a federal copyright of a label but the effect of the federal copyright does not appear to have been considered by the lower courts and was not pressed in the briefs submitted to this Court.

Conclusion

It is our belief that *Erie* v. *Tompkins* has no application to either of the two questions covered by the present writ and that federal law must govern their determination.

Respectfully submitted,

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United States of America

IN THE

Supreme Court of the United States

OCTOBER TERM, 1941

No. 649

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,
Petitioner,
vs.
S. S. KRESGE COMPANY,
Respondent

RESPONDENT'S PETITION FOR REHEARING AND BRIEF IN SUPPORT THEREOF

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RESPONDENT'S PETITION FOR REHEARING AND BRIEF IN SUPPORT THEREOF

Respondent, S. S. Kresge Company, pursuant to Rule 33 of the Revised Rules of the Supreme Court of the United States, presents this, its petition for a rehearing of the opinion and decision rendered herein on May 4, 1942, for the following reasons:

I.

RESPONDENT HAD THE RIGHT, WITHOUT CROSS-PETITIONING FOR CERTIORARI, TO URGE IN SUPPORT OF THE DECREE HEREIN ANY MATTER APPEARING IN THE RECORD. THE OPINION ERRONEOUSLY ASSUMES AN INFRINGEMENT IN INTERSTATE COMMERCE ENTITLING PETITIONER TO RELIEF UNDER SECTION 19 OF THE TRADE-MARK ACT AND THUS DEPRIVES RESPONDENT OF AN IMPORTANT DEFENSE IN CLAIMING OTHERWISE

Unless Justice Holmes' opinion in *United States Printing Company v. Griggs & Company*, 279 U. S. 156 (1928), is to be overruled and to be disregarded as no longer the law of the land, not every technical infringement of a registered trade-mark may be remedied by resort to Section 19 of the Trade-Mark Act of 1905. No interference with interstate or foreign commerce is alleged, proved or found by either of the lower courts. Kresge's sales of heels were in local trade, not in interstate commerce. No court has ever said otherwise.

May respondent urge this point in support of the decree below from which it has not cross-petitioned for certiorari?

Numerous cases of this Court recognize that right.

In *United States v. American Railroad Express Company*, 265 U. S. 425, the American Railroad Express Company was the respondent in a chancery case. This Court said on page 435:

> "It is true that a party who does not appeal from a final decree of the trial court cannot be heard in opposition thereto when the case is brought here by the appeal of the adverse party. In other words, the appellee may not attack the decree with a view either to enlarging his own rights thereunder or of lessening the rights of his adversary, whether what

> he seeks is to correct an error or to supplement the decree with respect to a matter not dealt with below. *But it is likewise settled that the appellee may, without taking a cross-appeal, urge in support of a decree any matter appearing in the record, although his argument may involve an attack upon the reasoning of the lower court or an insistence upon matter overlooked or ignored by it. By the claims now in question, the American does not attack, in any respect, the decree entered below. It merely asserts additional grounds why the decree should be affirmed. These grounds will be examined.*"

It must be manifest from the foregoing that in the review of chancery cases the respondent who was successful below may urge in support of the lower court's decree any matter appearing in the record or any matter overlooked or ignored by the lower courts.

This right of a respondent has been recognized many times, but is here denied to respondent, S. S. Kresge Company, by this Court's assumption that Section 19 of the Trade-Mark Act extends a remedy for sales of infringing heels in local trade.

In *Story Parchment Company v. Paterson Parchment Paper Company*, 282 U. S. 555, certiorari was granted (a law case). It was said on page 560:

> "Respondents seek to sustain this judgment upon that ground and also upon the additional ground, which the lower court found against them, that there was no evidence of a conspiracy or combination to monopolize interstate trade. Because there was no cross-petition for certiorari, petitioner insists that the additional ground is not open here for consideration. *But respondents do not invoke that ground in order to overthrow the judgment below, but to sustain it; and this they may do. Langnes v. Green*, 282 U. S. 531, 51 S. Ct. 243."

This is likewise the rule in admiralty, see *Langnes v. Green*, 282 U. S. 531, 535, and cases there collected.

In the majority opinion in the case at bar, this Court said:

> "Whether there was such an infringement as to entitle the petitioner to the remedies provided by the Federal Trade-Mark law is therefore not open here. * * * The starting point of the case before us is respondent's infringement of the petitioner's trade-mark in violation of the federal act."

But neither of the lower Courts made any finding justifying any such assumption or "starting point." Neither Court relied upon or attempted to construe Section 19.

In so stating, this Court assumes that sales of replacement heels by the S. S. Kresge Company to its customers in local trade in the State of Michigan or in any other state is an infringement under the Trade-Mark Act of 1905. By this assumption, we submit that this Court is unintentionally precluding respondent from urging defenses to which it is entitled and which it may properly rely upon without taking a cross-appeal under the foregoing authorities.

In making this assumption this Court also unconstitutionally extends the scope of the Trade-Mark Act of 1905 from the field of interstate commerce to the field of local trade. As we have hereinafter developed, the Trade-Mark Act of 1905 provides no remedy for the infringement in local trade of a registered trade-mark. We ask the Court's serious consideration to this point.

II.

THE ASSUMPTION BY THIS COURT THAT RESPONDENT WAS GUILTY OF SUCH AN INFRINGEMENT AS TO ENTITLE THE PETITIONER TO THE REMEDIES PROVIDED BY SECTION 19 OF THE TRADE-MARK ACT RESULTS IN AN UNCONSTITUTIONAL EXTENSION OF THE ACT OF CONGRESS TO INCLUDE LOCAL TRADE AND DISREGARDS FINDINGS OF FACT OF THE LOWER COURT UPON WHICH RESPONDENT HAD A RIGHT TO RELY

We maintain that the Trade-Mark Act of 1905 provides no remedy where the infringement of the trade-mark registered under it is wholly within the limits of a state and does not interfere with interstate or foreign commerce. The history of the act, subsequent judicial construction and the very language used, indicate that it may not constitutionally be extended to embrace local commerce. Such a construction or assumption by this Court is tantamount to an unconstitutional extension of the act.

The power of the Congress to legislate on the subject of trade-marks is derived from the commerce clause of the Constitution. The *Trade-Mark Cases,* 100 U. S. 82, 94; *American Trading Company v. Heacock Company,* 285 U. S. 247, 258.

The first acts of Congress upon the subject of trade-marks were held unconstitutional because by their wording they embraced all commerce and were not limited to "commerce with foreign nations, and among the several states, and with the Indian tribes."

In the *Trade-Mark Cases,* 100 U. S. 82, 96, this Court speaking through Mr. Justice Miller, said:

> "When, therefore, Congress undertakes to enact a law, which can only be valid as a regulation of

> commerce, it is reasonable to expect to find on the face of the law, or from its essential nature, that it is a regulation of commerce with foreign nations, or among the several States, or with the Indian tribes. If not so limited, it is in excess of the power of Congress. If its main purpose be to establish a regulation applicable to all trade, to commerce at all points, especially if it be apparent that it is designed to govern the commerce wholly between citizens of the same State, it is obviously the exercise of a power not confided to Congress."

On page 98 it is said:

> "It has been suggested that if Congress has power to regulate trade-marks used in commerce with foreign nations and among the several States, these statutes shall be held valid in that class of cases, if no further. To this there are two objections: First, the indictments in these cases do not show that the trade-marks which are wrongfully used were trade-marks used in that kind of commerce."

We here call attention to the absence in the record of any allegation or any finding by either Court that the sales by the S. S. Kresge Company which were found to infringe were in interstate commerce. The only sales proved were local over the counter sales of a few heels in local trade.

Following this Court's decision in the Trade-Mark Cases, Congress passed the Act of March 3, 1881, which was limited to commerce with foreign nations and with the Indian tribes.

Speaking of this Act, Chief Justice Fuller in *Warren v. Searle and Hereth Company,* 191 U. S. 195, said at page 204:

> "Obviously the act was passed in view of the decision that the prior act was unconstitutional, and it is, therefore, strictly limited to lawful commerce with foreign nations and with Indian tribes. It is only the trade-mark used in such commerce that is admitted to registry, *and it can only be infringed when used in that commerce, without right, by another than its owner.*"

Again on page 206 Chief Justice Fuller said:

> "And if the presumption of continuing use in such commerce flows from the registry, *nevertheless, to make out infringement, it must appear that the alleged counterfeit or imitation was being used on merchandise intended to be transported to a foreign country or in lawful commercial intercourse with an Indian tribe.*"

The record shows that S. S. Kresge Company does not manufacture or ship these heels in interstate commerce. Its sales are only in local over the counter trade.

In *Ryder v. Holt*, 128 U. S. 525, this Court with reference to the Act of 1881 held that the bill must allege that the trade-mark in controversy was "used on goods intended to be transported to a foreign country."

There is no allegation nor finding nor proof in this record to support a judicial assumption that respondent has been guilty of any infringement either in or interfering with interstate commerce. The accidental and unintentional infringement here attributed to respondent was completely and entirely in local over the counter trade. There can be no claim otherwise. How can it be constitutionally said that the power of Congress extends to such an act? The plain language of the Constitution and of the Trade-Mark Act forbids any such assumption.

In discussing the scope of the Trade-Mark Act of 1905, Mr. Justice Holmes speaking for the Court in *United States Printing Company v. Griggs & Company*, 279 U. S. 156, thought it important to say at page 157:

> "No interference with interstate or foreign commerce is alleged."

That clear and simple statement is equally applicable here. No amount of judicial assumption can supply that which does not here exist.

On page 158 of the same case Mr. Justice Holmes further says:

> "In the Trade Mark Cases, 100 U. S. 82, it was held that the earlier acts attempting to give these unlimited rights were beyond the power of Congress. Soon after that decision, an Act of March 3, 1881, gave remedies for the wrongful use of a registered trade-mark in foreign commerce or commerce with Indian Tribes. It was said that obviously the Act was passed in view of the above mentioned case, that only the trade-mark used in such commerce was admitted to registry and that the registered mark could only be infringed when used in that commerce, *Warren v. Searle & Hereth Co.*, 191 U. S. 195, 204 (see *United Drug Co. v. Theodore Rectanus Co.*, 248 U. S. 90, 99) and the constitutionality of the Act even when so limited was left open. 191 U. S. 206. The Act of 1905 goes a little farther and gives remedies against reproduction &c., of the registered trade-mark 'in commerce among the several States' as well as in commerce with foreign nations, &c., sec. 16, *supra*. A remedy for such infringement was given in *Thaddeus Davids Co. v. Davids Manufacturing Co.*, 233 U. S. 461, see also *American Steel Foundries v. Robertson*, 262 U. S. 209. *Baldwin Co. v. Robertson*, 262 U. S. 168. *But neither authority nor the plain*

words of the Act allow a remedy upon it for infringing a trade mark registered under it, within the limits of a State and not affecting the commerce named."

If as stated above "neither authority nor the plain words of the Act allow a remedy upon it for infringing a trade-mark registered under it, within the limits of a State and not affecting the commerce named," then we submit that this Court may not judicially extend the scope of this Act of Congress beyond its constitutional confines.

This Court's assumption that "there was such an infringement as to entitle the petitioner to the remedies provided by the Federal Trade-Mark Act" is without factual foundation in the record. There is no allegation in the pleadings to support it, there is no finding by either Court to justify it.

Respondent has the right to insist, as it does here, that the power of Congress as drawn from Article 1, Section 8, Clause 3 of the Constitution and as expressed in the Trade-Mark Act of 1905 becomes impotent in local trade.

If as Justice Holmes seems to say, Congress does not have the power to provide a remedy for an infringement wholly and solely in local trade, then this Court has no greater power, see *Erie Railroad Company v. Tompkins*, 304 U. S. 64, 78.

The Opinion Disregards Findings of Fact of the Lower Court Upon Which Respondent Had a Right to Rely

The certiorari in this case was limited and the opinion of this court indicates that questions of fact are not open under the limited certiorari.

But the decision of this court is founded on a new finding of fact by this court which is directly contrary to the findings of fact of the courts below. Furthermore, the new finding of fact in the decision of the court is rested upon material which would not be competent evidence in any court. To base a finding of fact thereon is in effect a subversion and disregard of the established rules of evidence.

All of the evidence taken in this case was by stipulation (R. 116) in the form of affidavits. Not a single witness was sworn and testified in open Court. Petitioner's witnesses consisted in the main of its employees or the employees of its counsel. Respondent's witnesses likewise in the main consisted of its employees. The Circuit Court of Appeals was therefore in as good a position to pass upon the weight of the evidence and the credibility of the witnesses and applicability of the exhibits as was the District Court. It had a right to do so, *Grove Laboratories v. Brewer & Company*, 103 F. (2d) 175.

The Circuit Court of Appeals found:

> "The words or phrases appearing on the respective marks here involved are so essentially dissimilar as to lend no color to deceit and obviously there can be no possibility of any confusion in sound between Ball Band and the words Crusader, Sure-Foot and Ever-Grip, so it is clear that the lettering on the heel is not relevant to the issue here" (R. 160).

"There is no finding of fact in the case at Bar and we find no evidence in the record to support the inference that appellee adopted the symbol used on its heels for the fraudulent purpose of attracting to itself business or sales which belonged to appellant (Mishawaka) *and there is no evidence that any such sales occurred*" (R. 158).

"No justification is found in the record for an inference that anyone appears to have been deceived by appellee's trade mark into purchasing its shoe heels in the belief that he was purchasing shoe heels produced by appellant" (R. 158).

It therefore then decided that there was not such an infringement as to entitle plaintiff to damages or to any greater accounting than ordered by the Trial Court.

In spite of the foregoing finding that "there is no evidence that any such sales occurred" the opinion of this court is nevertheless based upon a new finding of fact (contrary to the findings below) that purchasers *were* deceived and *were* led to believe that the heels offered by defendant were those of plaintiff (although plaintiff has neither manufactured nor offered for sale a replacement heel). The basis for this finding of fact given in the opinion of this court is:

1. "The ordinary purchaser having become familiar with the plaintiff's trade mark, would naturally be led to believe that the heels marketed by the defendant were the product of the plaintiff company." But this was curtailed by amendment in the amended findings. See par. (h), R. 129:

"There is, however, in the record no direct proof of any ordinary purchaser being misled into believing that heels marketed by the defendant were products of the plaintiff company."

2. "The District Court found that there was 'a *reasonable likelihood*' that some purchases might have been induced by the purchaser's belief that he was obtaining petitioner's product."

That is to say, as to par. 1, this court chooses to reverse the findings of fact of the Circuit Court of Appeals and substitute therefor its own guess that some purchasers *were* in fact familiar with the product of the plaintiff and that they *were* in fact led to believe that the heels were plaintiff's.

And as to par. 2, the probative effect of that as evidence in our jurisprudence is so evidently nil as to amount to an absurdity. Reasonable likelihood that a thing might have been, is about as tenuous a guessing contest as it is possible to conceive. In the English language the degrees of force would be in growing sequence:

1. There is no likelihood it might have been.
2. There is some likelihood it might have been.
3. There is great likelihood it might have been.
4. It might have been.

It is flying in the face of all the traditions of our jurisprudence and all rules of evidence to consider that any man anywhere is guilty of anything, anytime, because "it might have been," let alone the attenuated solution of nothing involved in the phrase, "There is a reasonable likelihood that it might have been."

The only finding of fact that this court has shown great regard for is a statement in the original findings of fact of the trial court (before the voluminous amendments were made, and one year before entry of the decree which followed the amendments) that the heels sold by the respond-

ent were inferior in quality to those made by the petitioner, and that this tended to destroy good will. That this finding of fact is itself unsupported by evidence can be seen by a glance at the record. All the evidence *is in the* record. There was no oral testimony. All the proofs were in the form of affidavits.

The Bryan and Keene affidavits (R. 65-66) upon which this finding is based is not competent evidence in any court because the experiment described was not under control in any direction. It was not competent evidence to prove that one heel wore longer than the other. Everything in the affidavit could be true and in a half a dozen different ways one could control the results as he chose. And even if it had had any tendency to prove that one heel wore longer than the other, that would not be evidence that the defendant's heels were superior. The one most essential quality in a rubber heel and the primary reason for its existence is resiliency. Resiliency is associated with softness not with hardness; and longer wear is evidence of hardness. A steel heel would wear longer than any rubber heel. And hardness in a rubber heel *is* inferiority, not superiority.

Yet this particular "finding of fact" is followed by this Court on the plea that questions of fact are not open on appeal and yet the finding of fact by the lower Courts that there were no sales of heels which were due to the technical infringement by defendant, is reversed and made the basis of the opinion of the court.

III.

BEFORE A DEFENDANT CAN BE MADE TO RESPOND IN DAMAGES OR AN ACCOUNTING UNDER THE TRADE-MARK ACT, IT MUST BY THE PLAIN WORDING THEREOF, "HAVE USED SUCH COLORABLE IMITATION IN COMMERCE AMONG THE SEVERAL STATES." THE VERY LANGUAGE USED EXCLUDES LOCAL TRADE

As Justice Holmes indicated in the case quoted from above, the plain words of the Act do not embrace infringement in local trade. The object of the Act is thus stated to be:

> "An Act to authorize the registration of trade-marks used in commerce with foreign nations, or among the several states, or with Indian tribes and to protect the same."

Section 16 employs the same confining limitation:

> "Any person who shall * * * colorably imitate any such trade-mark * * * and shall use, or shall have used, such * * * colorable imitation in commerce among the several states, or with a foreign nation, or with the Indian tribes, shall be liable to an action for damages therefor at the suit of the owner."

In view of the wording of Section 16 and the constitutional limitations on the power of Congress with respect to the entire Trade-Mark Act, it is most difficult to comprehend upon what theory federal power can extend to cover the local trade of respondent, S. S. Kresge Company. The majority opinion recites:

> "If the petitioner suffered damages beyond the loss of profits, the decree should provide for assessment of such damages."

In the first place, there is in the record no proof of any such damage. In the second place, under Section 16 of the Act it is necessary that the defendant "shall have used such colorable imitation in commerce among the several states." We here desire to emphasize again there is no allegation nor finding by either of the lower courts that the respondent, S. S. Kresge Company, "has used such colorable imitation in commerce among the several states."

The same constitutional limitations are applicable to Section 19, for Article 1, Section 8, Clause 3 of the Constitution is itself a limited grant of power which neither Congress nor this Court can constitutionally exceed, and thus deprive respondent of its right to rely upon and to urge local decisional law to support its contention that an accounting under the circumstances here found would be unjust and inequitable.

There is no allegation in petitioner's pleadings nor is there any finding by either of the lower Courts that respondent's retail sales of the Crusader replacement heels or the Surefoot replacement heels in the color red were either in interstate commerce or interfered therewith.

The O'Sullivan Rubber Company, Inc., of New York City and Gettysburg, Pennsylvania, the Essex Rubber Company of Trenton, New Jersey, and the Boston Woven Hose & Rubber Company of Boston, Massachusetts, constitute the sole sources of supply of heels purchased by respondent for resale at retail (R. 88).

The replacement heels are shipped by these concerns to respondent's stores from where they are displayed on its counters and sold to the public (R. 104-112) for its use either in repair or in replacement.

We submit that when a clerk in a local store in Michigan or in any other state sells a pair of replacement heels to

a member of the public for ten cents, places them in a bag and delivers them over the counter to the customer who goes about his business, such a transaction is a local transaction. It is not one engaged in interstate commerce, and any tort thereby committed is a local tort. That this same transaction may be repeated in another state in another store does not make it a matter of national concern, the transaction still remains a local transaction in intra-state commerce in some other state.

Respondent's technical infringement did not occur until it sold at retail the replacement heels which were manufactured and shipped to it by another. In view of the foregoing discussion it is difficult to believe that its sales were in interstate commerce or materially interfered therewith, and therefore we submit that neither Section 19 or Section 16 of the Trade-Mark Act is applicable to its sales nor to any accounting of profits or damages thereon.

IV.

UNDER BOTH MICHIGAN AND FEDERAL DECISIONAL LAW NO ACCOUNTING SHOULD HAVE BEEN ORDERED AT ALL

If as we have demonstrated above, the remedies of Section 16 and Section 19 of the Trade-Mark Act are not here available because there has been no infringement in or affecting interstate commerce, then of course, the decisional law is alone applicable.

It so happens that Michigan and Federal rules are parallel.

> "The purpose is thus to provide just compensation for the wrong, not to impose a penalty by giving to the copywrite proprietor profits which are not attributable to the infringement." *Sheldon v.*

Metropolitan Goldwyn Pictures Corp., 309 U. S. 390, 399.

In *Oil Corporation v. Crowley-Milner & Company*, 270 Mich. 187, 193, it is said:

> "'There is some conflict in the decisions; but we think that the weight of modern authority is in favor of the rule that an account of profits will not be taken where the wrongful use of a trade-mark or a trade-name has been merely accidental or without any actual wrongful intent to defraud a plaintiff, or to deceive the public.'"

In *Straus v. Notaseme Hosiery Co.*, 240 U. S. 179 (36 Sup. Ct. 288), Justice Holmes said:

> "The question remains whether the petitioners' sales probably were induced to any large extent by confusion in the mind of the public between the petitioners' goods and the plaintiff's. The goods were different in character, were called by a different name, were sold mainly in different places and by parties not likely to be mistaken for each other. The petitioners had advertised them as Irontex since April, 1908. Their business was that of retailers in the city of New York, where they were widely known. The Notaseme Company's business was wholesale, from Philadelphia, starting with New England and the South. *So far as purchasers bought* because the petitioners recommended the goods, or on the strength of the name, by whatever recommended, as distinguished from the colors and figures of the label, or from knowledge of the specific article, or from preference for full fashioned over seamless hose, or *for any reason but the inducement of the red square, bar, and script supposed to indicate the plaintiff's hose, the plaintiff has no claim on the petitioners' profits.* (Italics ours.)

> "There is some indication that the plaintiff's business was mainly in hosiery for men, while Macy & Company's was more than three-quarters for women and children. That the name, which the defendants do not imitate, but, on the contrary, exclude by using another wholly unlike it, was thought more important by the plaintiff than it now is willing to admit, is shown not only by the use of it upon the trade-mark proper, but by the adoption of a new name for the plaintiff company to conform to it. Taking all these considerations into account coupled with the absence of evidence that any deceit or substitution was accomplished in fact, we find it impossible to believe that any considerable part of the petitioner's business was due to their goods being supposed to be the plaintiff's hose. The petitioners properly were enjoined from further use of the mark in controversy, but, so far as the decree charged them with profits, it is reversed."

See also *Saxlehner v. Siegel-Cooper Co.*, 179 U. S. 42, where under similar circumstances an accounting was refused.

We paraphrase Justice Holmes' opinion in *Straus v. Notaseme Hosiery Company* and apply it to our case, respondent may not be charged with profits if it appears that the original imitation was unintentional, that no deceit or substitution of goods was accomplished in fact, and that no considerable part of the business was due to his goods being supposed to be those of the earlier user of a design.

We submit that this Court is unconstitutionally extending the scope of the Trade-Mark Act into the field of local trade by its unwarranted assumption "that there was such an infringement as to entitle the petitioner to the remedies provided by the Federal Trade-Mark laws." We also submit that it is departing from equitable principles heretofore applied by it speaking through Justice Holmes in

Straus v. Notaseme Hosiery Company and through former Chief Justice Hughes in *Sheldon v. Metro-Goldwyn Pictures Corp., supra,* for the result of its decision here is to make an accounting of profits follow every technical and innocent infringement as a matter of course without regard to the equities of the situation or to the existence or non-existence of actual deception.

RELIEF ASKED

We ask that the Court grant a rehearing herein and that upon the rehearing it give due consideration to respondent's right to argue in its defense that there was not such an infringement here as to call into operation Section 19 of the Trade-Mark Act and "to entitle petitioner to the remedies provided by the Federal Trade-Mark Law."

Respectfully submitted,

WILLIAM B. GILES,
Counsellor for Petitioner,
2533 Barlum Tower,
Detroit, Michigan.

CERTIFICATE OF COUNSEL

Pursuant to Rule 33 of the Revised Rules of the Supreme Court of the United States, I, William B. Giles, as an officer of such Court, do hereby certify that the foregoing petition for rehearing is presented in good faith and not for delay.

Dated at Detroit, Michigan, this 28th day of May, A. D. 1942.

WILLIAM B. GILES,
Counsellor for Petitioner,
2533 Barlum Tower,
Detroit, Michigan.

P. 3

SUPREME COURT OF THE UNITED STATES.

No. 649.—October Term, 1941.

Mishawaka Rubber and Woolen Manufacturing Company, Petitioner, vs. S. S. Kresge Company. } On Writ of Certiorari to the United States Circuit Court of Appeals for the Sixth Circuit.

[May 4, 1942.]

Mr. Justice Frankfurter delivered the opinion of the Court.

The petitioner, which manufactures and sells shoes and rubber heels, employs a trade-mark, registered under the Trade-Mark Act of 1905, 33 Stat. 724, 15 U. S. C. § 81 *et seq.*, consisting of a red circular plug embedded in the center of a heel. The heels were not sold separately, but were attached to shoes made by the petitioner. It has spent considerable sums of money in seeking to gain the favor of the consuming public by promoting the mark as assurance of a desirable product. The respondent sold heels not made by the petitioner but bearing a mark described by the District Court as "a circular plug of red or reddish color so closely resembling that of the plaintiff [petitioner] that it is difficult to distinguish the products sold by the defendant from the plaintiff's products." The heels sold by the respondent were inferior in quality to those made by the petitioner, and "this tended to destroy the good will created by the plaintiff in the manufacture of its superior product." Although there was no evidence that particular purchasers were actually deceived into believing that the heels sold by the respondent were manufactured by the petitioner, the District Court found that there was a "reasonable likelihood" that some purchases might have been induced by the purchaser's belief that he was obtaining the petitioner's product. "The ordinary purchaser, having become familiar with the plaintiff's trade-mark, would naturally be led to believe that the heels marketed by the defendant were the product of the plaintiff company." Concluding that the petitioner's mark had thus been infringed, the Court enjoined future infringement and also ordered that the respondent account to the petitioner for profits made from sales "to purchasers who

were induced to buy because they believed the heels to be those of plaintiff and which sales plaintiff would otherwise have made."

Complaining of this criterion for determining the profits that improperly accrued to the respondent by reason of the infringement, the petitioner appealed to the Circuit Court of Appeals for the Sixth Circuit, which affirmed the decree. 119 F. 2d 316. Deeming the matter to present an important question under the Trade-Mark Act, we brought the case here, 315 U. S. —, solely to review the provisions of the decree dealing with the measure of profits and damages for the infringement found by the two lower courts. Whether there was such an infringement as to entitle the petitioner to the remedies provided by the federal trade-mark laws is therefore not open here.

The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress. And in this case we are called upon to ascertain the extent of the redress afforded for infringement of a mark registered under the Trade-Mark Act of 1905.

The "right to be protected against an unwarranted use of the registered mark has been made a statutory right" by that Act. *Thaddeus Davids Co* v. *Davids*, 233 U. S. 461, 471. Section 19 of the Act provides that "upon a decree being rendered in any such case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction . . . .; and in assessing profits the plaintiff shall be required to prove defendant's sales only;

defendant must prove all elements of cost which are claimed."[1] 33 Stat. 724, 729; 15 U. S. C. § 99. Infringement and damage having been found, the Act requires the trade-mark owner to prove only the sales of articles bearing the infringing mark. Although the award of profits is designed to make the plaintiff whole for losses which the infringer has caused by taking what did not belong to him, Congress did not put upon the despoiled the burden—as often as not impossible to sustain—of showing that but for the defendant's unlawful use of the mark, particular customers would have purchased the plaintiff's goods.

If it can be shown that the infringement had no relation to profits made by the defendant, that some purchasers bought goods bearing the infringing mark because of the defendant's recommendation or his reputation or for any reason other than a response to the diffused appeal of the plaintiff's symbol, the burden of showing this is upon the poacher. The plaintiff of course is not entitled to profits demonstrably not attributable to the unlawful use of his mark. Cf. *Straus* v. *Notaseme Co.*, 240 U. S. 179, 183; compare *Sheldon* v. *Metro-Goldwyn Corp.*, 309 U. S. 390; *Westinghouse Co.* v. *Wagner Mfg. Co.*, 225 U. S. 604. The burden is the infringer's to prove that his infringement had no cash value in sales made by him. If he does not do so, the profits made on sales of goods bearing the infringing mark properly belong to the owner of the mark. *Hamilton-Brown Shoe Co.* v. *Wolf Bros.*, 240 U. S. 251. There may well be a windfall to the trade-mark owner where it is impossible to isolate the profits which are attributable to the use of the infringing mark. But to hold otherwise would give the windfall to the wrongdoer. In the absence of his proving the contrary, it promotes honesty and comports with experience to assume that the wrongdoer who makes profits from the sales of goods bearing a mark belonging to another was enabled to do so

[1] The committee reports upon the bill which became the 1905 Act make these observations on § 19: "By section 19 provision is made for proceedings in equity against the infringer of a registered trade-mark. This section corresponds in terms with section 4921 of the Revised Statutes relating to patent cases, except that it specially provides the manner in which profits shall be ascertained. Under existing rules it is necessary for the complainant to prove sales and costs with entire and absolute accuracy. The only persons having knowledge of making the sales are the defendant or some one in his employ. It has seemed, therefore, only fair and just that if the complainant proves the sales, the defendant should be required to produce evidence of the expenses he was put to in making such sales as an offset against the sales proven by the complainant." Sen. Rep. No. 3278, 58th Cong., 3d Sess., p. 10; H. Rep. No. 3147, 58th Cong., 3d Sess., p. 9.

because he was drawing upon the good will generated by that mark. And one who makes profits derived from the unlawful appropriation of a mark belonging to another cannot relieve himself of his obligation to restore the profits to their rightful owner merely by showing that the latter did not choose to use the mark in the particular manner employed by the wrongdoer.

The starting point of the case before us is respondent's infringement of the petitioner's trade-mark in violation of the federal Act. The decree is assailed by the petitioner because, upon its reading of the decree, it is awarded only those profits which it can affirmatively prove to have resulted from sales "to purchasers who were induced to buy because they believed the heels to be those of plaintiff, and which sales plaintiff would otherwise have made." We are not prepared to say that such is not a sensible reading of the language in which the decree was cast, the purpose of which was to recover profits that came to the respondent through its infringement and that in good conscience belong to the petitioner. The decree in effect requires the petitioner to prove by a procession of witnesses that when they bought heels from the infringer they had a clear, well-focussed consciousness that they were buying the petitioner's heels and that otherwise they would not have bought them. But the shoe is on the other foot. The creation of a market through an established symbol implies that people float on a psychological current engendered by the various advertising devices which give a trade-mark its potency. It is that which the Trade-Mark Act of 1905 protects. We therefore vacate the decree in order that the cause be remanded to the District Court for the entry of a decree in conformity with this opinion. If the petitioner suffered damages beyond the loss of profits the decree should provide for the assessment of such damages.

Reversed.

The CHIEF JUSTICE and MR. JUSTICE ROBERTS took no part in the consideration or decision of this case.

A true copy.

Test:

Clerk, Supreme Court, U. S.

SUPREME COURT OF THE UNITED STATES.

No. 649.—October Term, 1941.

Mishawaka Rubber and Woolen Manufacturing Company, Petitioner, vs. S. S. Kresge Company.	On Writ of Certiorari to the United States Circuit Court of Appeals for the Sixth Circuit.

[May 4, 1942.]

Mr. Justice Black, dissenting, with whom Mr. Justice Douglas and Mr. Justice Murphy concur.

Mishawaka does not sell detached rubber heels. The heels bearing its mark are attached to the rubber boots and shoes it manufactures, and reach the market only as parts of these larger products. Kresge, on the other hand, sells in its retail stores detached rubber heels manufactured by others. Hence, like the courts below, I find it difficult to conclude that there were substantial probabilities of deception and that Kresge's sales took away business that might otherwise have gone to Mishawaka. In any event, the economic rivalry, if it existed at all, was so remote and indirect that an injunction alone would seem to have afforded ample relief against the infringement, found by both courts below to have been without fraudulent intent.

Moreover, upon the extensive evidence introduced by both parties, the trial court concluded that there was "no direct proof of any ordinary purchaser being misled into believing that heels marketed by the defendant were products of the plaintiff company." The Circuit Court of Appeals reached a similar conclusion: "No justification is found in the record for an inference that any one appears to have been deceived by appellee's trade-mark into purchasing its shoe heels and lifts in the belief that he was purchasing shoe heels produced by appellant." 119 F. 2d 316, 324.

If the respondent had wilfully palmed off the heels it sold as products of the petitioner, and if it had been shown that the peti-

tioner had suffered any injury, I should agree to a decision resolving doubts about the measure of damages in favor of the petitioner. But under the circumstances of this case, I believe the effect of the decision handed down is to grant a windfall to the petitioner and to impose a penalty upon the respondent, neither of which is deserved. Finding nothing in the Trade-Mark Act of 1905 which compels such a result, I can see no abuse of discretion in the decree of the trial court which the Circuit Court of Appeals affirmed. *Saxlehner* v. *Siegel-Cooper Co.*, 179 U. S. 42. Cf. *Straus* v. *Notaseme Co.*, 240 U. S. 179, 182-183.